Ascendis HEALTH

Integrated Annual Report

2015

CONTENTS

2015 IN REVIEW

Revenue R2.8 billion	↑ 74%
EBITDA R422 million	↑ 71%
Operating profit R362 million	↑ 69%
Headline earnings R209 million	↑ 53%
Headline earnings per share 80 cents per share	↑ 25%
Normalised HEPS 94 cents per share	↑ 31%
Total dividend 19 cents per share	↑ 27%

- *The Scientific Group and Respiratory Care Africa acquisitions created a R1 billion Ascendis Medical platform*
- *Successful capital raisings totalling R480 million*
- *R2 billion corporate bond programme initiated*
- *First international acquisition: Spanish pharma group Farmalider**

** Consolidated from July 2015.*

REPORT INTRODUCTION

Ascendis Health has pleasure in presenting its integrated annual report to shareholders for the 2015 financial year. This report builds on the content and disclosure of our first integrated report published in 2014, and aims to demonstrate in a balanced way how the group has created in 2015 and plans to create value over the short, medium and long term.

We are committed to providing our shareholders with relevant, balanced and transparent disclosure. Our reporting aligns with best practice and management has applied the King Code of Corporate Principles 2009 (King lll) and the guiding principles outlined in the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC).

The report is focused on our shareholders and the broader investor community locally and offshore, although we acknowledge that several other stakeholder groups influence our business, including our customers, suppliers, regulators and employees.

Report scope and boundary

The integrated report covers the financial and non-financial performance of Ascendis Health and its subsidiaries (the group) for the financial year 1 July 2014 to 30 June 2015. There has been no change from last year in the scope of the integrated report and all significant items are reported on a like-for-like basis, with no major restatements.

The group operates mainly in South Africa but Ascendis brands are sold in 52 countries globally, mainly in Africa and Europe.

Materiality has been applied in determining the content and disclosure in the report. This covers issues that the board and management believe could impact positively or negatively on the group's ability to create value and have a material impact on revenue and profitability. This excludes the disclosure of price-sensitive information or detail that could compromise the group's competitive position.

The IIRC has identified different forms of capital utilised by businesses to create value, these being financial, manufactured, intellectual, human, social and relationship, and natural capital. The group's activities and performance relating to these different types of capitals are covered throughout the integrated report. We have chosen not to apply the terminology or to structure our report according to these capitals.

The group has again published summarised financial statements in the integrated report. The audited annual financial statements are available on our website www.ascendis.co.za and by request from the company secretary.

External assurance

The content of the integrated report has been reviewed by the group's external auditor, PricewaterhouseCoopers Inc, as well as the directors, management and internal audit, but has not been externally assured. The external auditor has provided assurance on the annual financial statements and expressed an unqualified audit opinion, as confirmed in the independent auditors' report.

The integrated report complies with International Financial Reporting Standards, the Companies Act and the JSE Limited's Listings Requirements.

Forward-looking statements

The integrated report includes forward-looking statements which relate to the possible future financial position and results of the group's operations. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur in the future.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise. The forward-looking statements have not been reviewed or reported on by the group's external auditor.

Board approval

The directors have reviewed the integrated report and collectively believe it is a fair representation of the material issues and the integrated performance of the group. The audit committee, which has oversight for the integrity of the integrated report, recommended the report for approval by the board of directors. The board approved the integrated report for release to shareholders on 14 October 2015.

John Bester
Independent non-executive chairman

Dr Karsten Wellner
Chief executive officer

INTRODUCING ASCENDIS HEALTH

Ascendis Health (JSE: ASC) is a South African-based group owning a portfolio of market-leading health and care brands for people, plants and animals.

Market leading brands

Listed in the healthcare sector on the JSE since November 2013, Ascendis owns some of the most highly recognised brands in South Africa's health and care industry. Solal, Pharmachem, Surgical Innovations, Efekto, Wonder and Sportron are ranked number one in their respective market segments. Nimue, PharmaNatura, Ascendis Sports Nutrition, Ascendis Medical Devices and Marltons all occupy the number two position in their markets.

Activities span the value chain, from sourcing of raw materials, new product development and manufacturing, to marketing and selling products to consumers through retail, wholesale, pharmacies, hospitals, public tenders, dispensing doctors and direct selling channels locally and internationally.

International expansion

Ascendis has an expanding international presence and customer base, currently exporting products to 52 countries, mainly in Africa and Europe. Shortly after the 2015 financial year-end Ascendis made its first international acquisition with the purchase of an initial 49% stake in Spanish pharmaceutical group, Farmalider. This transaction increases the group's foreign revenue contribution to 21%.

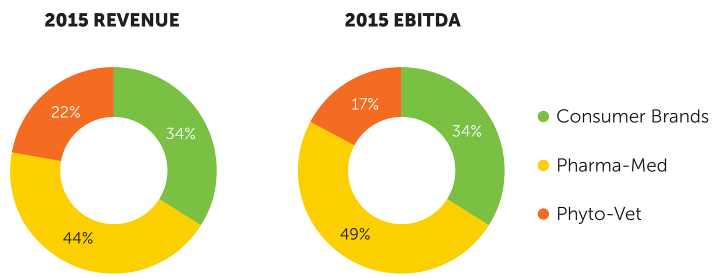
Entrepreneurial culture

Founded in 2008 by investment group Coast2Coast, which retains a 45% shareholding, Ascendis has shown strong organic and acquisitive growth. Ascendis has a distinctively entrepreneurial culture, from the founding partners to the executive management team, and the founder-owners of the companies which have been acquired by the group over the past seven years.

Diverse revenue streams

A strength of the group are its diverse revenue streams and the brands are housed in three divisions:

Consumer	Pharma-Med	Phyto-Vet
Nutraceuticals Complementary medicines Sports nutrition Skin care products Derma-cosmeceuticals	Prescription drugs Medical devices	Plant and animal health and care



BUSINESS MODEL

Ascendis Health grows and invests in robust and defensible health and care brands, with a focus on owned brands. This is done by integrating the vital components in the value chain and converting these inputs through owned as well as outsourced factories into value added products that enhance the user experience of resilient and trusted brands.

The group is structured into three integrated operating divisions which sell to or via retail, beauty salons, pharmacies, wholesale, dispensing doctors, state tenders, private hospitals, network marketing, agricultural businesses and increasingly through exports.

Integrated back-office support is provided to the divisions while the group aims to combine entrepreneurial spirit with strict corporate governance standards. This enables the brand champions to focus on their core skills of selling and marketing strong brands and extracting synergies vertically (along the value chain) and horizontally (between brands and even divisions) to enhance profitability and ensure a sustainable business model.

	Consumer	Pharma-Med	Phyto-Vet
Route to Market	Pharmacies, retailers, beauticians, doctors, direct selling, exports	Pharmacies, private hospitals, dispensing doctors, government	Nurseries, exports, retailers, pet and vet shops
Products	Nutraceuticals, vitamins, sports nutrition, specialist skin care	Prescription medicines Medical devices	Home and garden Pet and vet
Manufacturing	Manufacturing (GMP plant: PharmaNatura)	Manufacturing (GMP plant: PharmaNatura)	Manufacturing (Avima)
Raw materials	Raw materials supply (Chempure)	Raw materials supply (Chempure)	Raw materials supply (Avima)

GROUP SERVICES:

Finance, Treasury, IT, HR, Marketing, Legal, Regulatory, Supply Chain, Risk, Secretarial

GROUP STRATEGY

ORGANIC GROWTH

The organic growth strategy is based on strong, owned brands with a focus on high LSM groups locally, with the aim of leveraging their strong market positions in South Africa. The focus on higher LSM customers makes the business resilient to economic downturns. There is a continued emphasis on exports, as well as leveraging off the group's significant selling and marketing platform.

Medium-term target 10 – 15% annual revenue growth

Achieved in 2015

- 11% organic sales growth
- A strong focus on new products developed and launched
- Strong growth in the Medical division, Sportron, PharmaNatura, Efekto and Marltons.

ACQUISITIVE GROWTH

The strategy focuses on buying complementary businesses, well recognised brands and dossiers. A dedicated acquisition team supports management. The focus has shifted to international acquisitions and locally from acquiring platform companies to bolt-on acquisitions across all divisions.

Medium-term target 20 – 25% annual revenue growth

Achieved in 2015

- 33% of annualised revenue growth from acquisitions
- Acquisitions totalled R817 million
- Major acquisitions all in the Pharma-Med division:
  - Respiratory Care Africa (August 2014)
  - The Scientific Group (February 2015)
  - Farmalider (July 2015) post year end.

SYNERGISTIC GROWTH

Synergy projects underway within the divisions relate to sales, manufacturing, warehousing, inbound logistics and procurement, packaging, business clustering, outbound logistics, exports and regulatory compliance.

Medium-term target 5% annual profit growth

Achieved in 2015

- Synergy projects implemented with annual savings of R18 million
- Three sports nutrition businesses merged
- Matrix implementation in finance, supply chain and marketing
- Restructuring of business to improve efficiencies and reduce costs.

INTERNATIONAL GROWTH

The group's international strategy is to diversify across different markets and increase foreign denominated earnings. International expansion is focused on acquiring platform companies for all business units and mainly targeting opportunities in Australia, Europe, the United States of America and Africa.

Medium-term target 30% of revenue

Achieved in 2015

- Products exported to 52 countries, including 21 African countries
- Exports comprised 9% of sales
- Including Farmalider, exports comprise 21% of sales
- Foreign revenue covers 26% of imported cost of sales
- First international acquisition: Spanish pharma group Farmalider.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders

Ascendis Health produced a strong financial and operational performance in its second year as a listed company making pleasing progress across its organic, acquisitive and international growth strategies. 2015 was another year of building and investing for long-term sustainable growth as well as creating synergies within the group.

Tracing the evolution of the business over the past few years, in 2013 we laid the foundations by acquiring platform health and care brand companies. 2014 was notable for the integration of the businesses acquired over the previous years and the listing of Ascendis Health on the JSE. In 2015 the group focused on key acquisitions for the Medical division, new product development, restructuring and integration, and the upscaling of talent.

Our focus in 2016 will be on acquiring international platform companies, extracting cost efficiencies across the business and driving continued product innovation.

The strong growth momentum reported since our listing in 2013 has been maintained. Operating profit for the year increased by 69% to R362 million with headline earnings growing by 53% to R209 million. The board has again shown its confidence in the group's prospects by declaring a total dividend of 19 cents per share, 27% higher than the prior year. This comprises an interim dividend of 8 cents and a final dividend of 11 cents.

We are regularly asked why a young and highly acquisitive company which requires capital for growth should pay dividends, rather than retaining the cash to fund growth. As a company we are committed to paying regular dividends as it is important to our strategic shareholders, including our black empowerment shareholding partners, to receive a regular dividend flow on their investments. Furthermore our existing brands are strong, creating a cash conversion ratio (pre tax and interest) of 98%.

Owing to the growth in our local operations and the increasing focus on international expansion, we have restructured the management team to enable our CEO, Dr Karsten Wellner, to focus mainly on the group's strategy, international expansion and investor relations. We have therefore created the position of managing director, South Africa and are pleased to have appointed Cliff Sampson to this new role from July 2015. Cliff brings extensive operational and leadership experience gained in large listed companies and he has joined the board as an executive director.

Robbie Taylor resigned as an executive director and chief financial officer (CFO) in May 2015. We thank Robbie for his contribution, particularly during the successful listing on the JSE in 2013. Johan van Schalkwyk, a director of Coast2Coast Investments, willingly agreed to step in as interim CFO and we thank him for the valuable role he played over the recent financial year-end.

Kieron Futter joins the group as CFO and an executive director from October 2015. He has a wealth of local and international financial management experience, as well as relevant exposure to the international health care sector, business consolidations and restructurings.

The board is responsible for ensuring compliance with legislation, regulation and governance codes while at the same time striving to maintain the entrepreneurial spirit on which Ascendis Health was founded. Robust governance and risk management processes have been consistently applied across the business and the directors confirm that the group has again in all material respects applied the principles of the King lll governance code.

The outcome of our annual self-evaluation of the board, committees and directors was favourable. The directors collectively concluded that the board and committees function well and are appropriate for a group of the size and profile of Ascendis.

A great deal has been achieved over the past year and I thank our executive team under the leadership of Karsten and our motivated staff across the group for a job well done.

Thank you also to my fellow non-executive directors for their guidance, counsel and active involvement in the group's affairs.

We value the support of our shareholders and welcome those who invested in Ascendis Health for the first time during the year.

The group's strong growth over the past year belies the currently difficult prevailing trading conditions in the consumer and pharmaceutical sectors in which Ascendis operates. These conditions remain challenging but the directors believe that our diversified brand offering, customer base and our focused growth strategies will continue to generate competitive above market financial returns to our shareholders and we look forward to another year of exciting growth prospects.

Sincerely,

John Bester
Independent non-executive chairman

BOARD OF DIRECTORS

John Bester (69)

BCom (Hons), CA (SA), CMS (Oxon)
Independent non-executive director
Chairman of the board
Chairman of the nomination committee
Member of the audit, risk and remuneration committees
Appointed to the board in 2013.

John spent 16 years in the accounting profession, including 10 years as a partner of Ernst & Young. He has been involved in commerce and industry for over three decades, holding a number of financial directorships during this time. He is a non-executive director of Personal Trust International, Clicks Group, Sovereign Food Investments, Tower Property Fund and Western Province Rugby Proprietary Limited, as well as a trustee of the Children's Hospital Trust.

Phil Cunningham (45)

BAgric Man
Independent non-executive director
Chairman of the remuneration committee and the social and ethics committee
Member of the audit and nomination committees.
Appointed to the board in 2013.

Phil started his career in the agricultural sector before establishing an agricultural trading company in 1997 which was successfully expanded into Africa. In 2005 he followed his passion and invested the profits from the trading business into Sunrise Productions, a Cape Town based animation studio and media company. Phil is also a major shareholder in an advertising agency. He serves on a number of school, provincial sports and non-profit organisation boards, chairing two of them.

Bharti Harie (45)

BA LLM
Independent non-executive director
Chairman of the audit committee
Member of the risk committee
Appointed to the board in 2013.

Bharti spent 14 years at the Industrial Development Corporation of South Africa (IDC) where she worked in the legal department, and headed the corporate funding and international finance departments. At the IDC she gained experience in general corporate law, syndications and project and short-term finance. Bharti is an independent non-executive director on the boards of Bell Equipment, Lenmed Investments and the Mineworkers Investment Company.

Gary Shayne (45)

BCom, CA (Zim)
Non-executive director
Chairman of the risk committee
Appointed to the board in 2008

Gary is the co-owner and chief executive officer of Coast2Coast Investments and co-founded Ascendis in 2008 together with Cris Dillon. Gary has a 17 year proven track-record in both private equity and entrepreneurial ventures. Among his successes are the listing of Celsys, one of Zimbabwe's leading telecom companies when he was 32 years old and the founding of Shayne Accounting Services which went on to become one of the country's largest single-owned accountancy practices.

Cris Dillon (45)

BSc (Hons) (Chem Eng), MBA
Non-executive director
Member of the remuneration, nomination and social and ethics committees
Appointed to the board in 2008.

Cris is the joint owner and chief operating officer of Coast2Coast Investments and co-founded Ascendis in 2008 with Gary Shayne. He spent 11 years in investment banking, including three years in Standard Bank's corporate finance division. Cris is a serial entrepreneur who has mainly been involved in running his own companies, including Multipac, LALabel in Los Angeles, Reviva and Axiz Retail.

Dr Karsten Wellner (54)

PhD (Economics and Political Science)
Chief executive officer
Appointed as a director in 2011

Karsten joined the group in 2011. He has over 20 years of experience in international and South African health markets. Before joining the group, he headed up Fresenius Kabi South Africa (including regional responsibility for Africa and Middle East) for eight years, the local subsidiary of Fresenius SE & Co. KGaA, which is listed on the Frankfurt Stock Exchange. Prior to that he ran Fresenius Switzerland for five years and had various responsibilities in pharma exports and developing markets.

CHIEF EXECUTIVE'S REPORT

Q & A with CEO, Dr Karsten Wellner

Ascendis Health's market-leading brand portfolio, strong acquisition pipeline, healthy organic growth, diversified sources of revenue (products, customers and markets), exposure to local, regional and international markets creates a compelling investment case in the high-growth health and care sector.

Q How would you describe the performance for the year?

A It is pleasing that we have continued to show strong growth and exceeded expectations in terms of delivering on the group's growth strategies. At the same time we have built the foundations for sustainable improvements in margins, created an appropriate internal structure and developed the base for our international expansion.

Annualised sales, including a full 12 months of sales for acquisitions concluded during the year, totalled R3.3 billion. EBITDA grew by 71% to R422 million, normalised headline earnings per share by 31% to 94 cents and after a good first six months we experienced a stronger second half performance with an improved EBITDA margin. Our shareholders have been rewarded with a dividend of 19 cents per share, 27% higher than last year. The group's financial performance is covered in detail in the Chief Financial Officer's Report on pages 19 to 21.

It is interesting to note that since 2012 Ascendis has increased its revenue eleven-fold while EBITDA has grown by more than 30 times.

However, we also measure our performance beyond the numbers. We have developed and launched many new products, grown our export base, secured new customers locally and internationally, integrated acquisitions, upscaled talent and been rated as a level 6 BBBEE contributor in our first group verification undertaken in April 2015.

Q What progress has been made in delivering on your growth strategies?

A Shareholders will be aware that our strategy is focused on the four pillars of organic, acquisitive, synergistic and international growth.

We reported organic growth of 11% which was driven by strong performances in the Medical division, Sportron and the PharmaNatura, Efekto and Marltons brands, supported by new product development and innovation.

Acquisitions totalling R817 million were concluded during the year, including the three material acquisitions of The Scientific Group, Respiratory Care Africa and Arctic Healthcare. Shortly after year-end we announced our first international acquisition with the purchase of an initial 49% stake in Spanish pharmaceutical group, Farmalider. We have the option to acquire the remainder of the business in two further tranches over the next five years.

Synergy projects are generating annual savings of approximately R18 million. These include the warehouse and production project for Sports Nutrition (SSN and Evox) at PharmaNatura, merging the three sports nutrition businesses, combining our direct selling warehouses and offices, supply chain synergies in the Phyto-Vet division and widespread organisational changes aimed at creating efficiencies.

Internationally, our products are currently exported to 52 countries and revenue generated from foreign markets increased by 39% in 2015. The Farmalider acquisition increases the 2015 foreign revenue contribution of the group to 21%.

Q Expand on the impact of the acquisitions on Ascendis

A Our acquisitions over the past year focused predominantly on the Medical division. The Scientific Group, which was acquired for R284 million in February 2015, is being integrated into the Medical division which includes Surgical Innovations and Respiratory Care Africa. Ascendis Medical now has an annual turnover in excess of R1 billion, making it the second largest medical device business in South Africa behind one of the major international pharmaceutical companies.

Q How are these acquisitions being funded?

A We undertook successful capital raisings of R480 million and also launched a R2 billion corporate bond programme, with a debit issue of R400 million in September 2014, to fund our acquisitions.

Q Why is Ascendis increasing its focus on international markets?

A Through our international growth strategy of diversifying across different markets and increasing foreign denominated earnings, we are targeting to achieve 30% of total revenue from international markets by 2017. Our goal is to become a truly international business.

The acquisition of Farmalider will enable our Pharma division to gain access to Farmalider's portfolio of over 200 pharmaceutical dossiers for use in South Africa and in the rest of Africa. It will also offer the opportunity to market Ascendis products via Farmalider into Europe.

The increase in foreign revenue also allows us to offset the effect of the depreciating Rand on the cost of imported goods bought by the group.

Q What was the rationale for the restructuring and strengthening of the management team?

A Our increasing international expansion, the growth in our local business and the focus on creating efficiencies necessitated the need to strengthen the management team and restructure the business. Cliff Sampson, who was formerly managing director of National Brands and Foodcorp, has been appointed to the newly created position of managing director, South Africa. He has taken over the local operational responsibility for Ascendis which is allowing me to focus on strategy, international expansion and investor relations. We have also appointed an experienced executive based in Europe to head our skincare division, which is one of the most internationalised business units at Ascendis.

Kieron Futter will join us in October as chief financial officer. He has a strong background in financial management and importantly also has international health care experience.

It is a credit to the standing of Ascendis in the healthcare market that we have been able to attract such high calibre executives. Through the upscaling of talent we now have the right team on board to support our ongoing local and particularly our international growth aspirations.

Q Ascendis is a health and care brands company. How are your brands rated in the market?

A Ascendis owns some of the most highly recognised brands in the South African health and care market. Solal (healthy ageing), Ascendis Direct Selling (nutraceuticals), Pharmachem (dispensing doctor market), Surgical Innovations (surgery) and Efekto and Wonder (health for home and garden) all occupy the number one positions in their respective markets. Brands like PharmaNatura (wellness), Ascendis Sports Nutrition, Nimue (derma-cosmeceuticals for the beauty salon market), Ascendis Medical Devices and Marltons (pet care) are all ranked second in their market segments. Our newly acquired international business Farmalider has the leading share of the ibuprofen and paracetamol markets in Spain. Our end-customers, mainly mid to high income earners, have been supporting some of our brands for as long as 50 years. We are also receiving increasing interest in our brands from overseas markets.

Q What are the group's focus areas for the new financial year?

A We plan to maintain the momentum of our acquisitive growth strategy. Internationally we aim to acquire platform companies for all our business units, targeting mainly opportunities in Australia, Europe, USA and Africa. In South Africa we are currently in negotiations for bolt-on acquisitions across all divisions.

The integration of The Scientific Group into the Medical Devices division will enable us to create economies of scale between the three complementary medical businesses in the group (the other two being Surgical Innovations and Respiratory Care Africa).

We expect the Farmalider acquisition to create many synergies through cross border licensing of dossiers and opening new markets and customers for Farmalider and the Ascendis Pharma division.

Operationally, our priorities for the 2016 financial year are to improve margins, focus on cost control and efficiencies, increase local and in-house production, accelerate growth in export sales, and continue new product development and innovation to ensure our continued growth momentum.

In summary, we aim to deliver on the key pillars of our strategy: organic and acquisitive growth, extracting synergies and internationalisation to generate competitive growth in shareholder value.

Dr Karsten Wellner
Chief Executive Officer

EXECUTIVE MANAGEMENT

Dr Karsten Wellner (54)

PhD (Economics and Political Science)
Chief executive officer
Appointed as a director in 2011

Karsten joined the group in 2011. He has over 20 years of experience in international and South African health markets. Before joining the group, he headed up Fresenius Kabi South Africa (including regional responsibility for Africa and Middle East) for eight years, the local subsidiary of Fresenius SE & Co. KGaA, which is listed on the Frankfurt Stock Exchange. Prior to that he ran Fresenius Switzerland for five years and had various responsibilities in pharma exports and developing markets.

Cliff Sampson (56)

Dip IMM, MBA (Henley), MAP
Managing director – South Africa

Cliff has over 30 years' experience in the FMCG industry with over 20 years as a managing director. Prior to joining Ascendis he was managing director of Foodcorp for seven years, growing the group's business to more than R7 billion turnover. Cliff was managing director of National Brands for nine years and led the transformation of the group into a successful and highly profitable contributor to the AVI Group.

Johan van Schalkwyk (41)

BAcc (Hons) M Mgt Studies, CA (SA)
Interim chief financial officer

Johan is a director of Ascendis' major shareholder and investment group Coast2Coast and was appointed interim chief financial officer in April 2015. He has extensive financial, commercial and international experience gained at Deloitte and McKinsey Inc. He spent six years at Rand Merchant Bank and five years at Standard Chartered before joining Coast2Coast and has played a leading role in several of the M&A transactions undertaken by Ascendis.

Pieter van Niekerk (30)

BAcc (Cum Laude), BAcc (Hons), Sox CPA (Cum Laude), Corporate finance certificate USA (Cum Laude) and CA (SA)
Deputy chief financial officer

Pieter joined the group in 2013. He has extensive financial, commercial and international experience. He spent five years at PricewaterhouseCoopers before joining Ascendis, during this time he got seconded to the United States of America twice and he has listing experience on stock exchanges in both SA and the USA. He played a critical role in the Ascendis listing on the JSE and in the on-boarding of the M&A transactions undertaken by Ascendis. Pieter is also voted as one of the top 35 under 35 CA's in South Africa during 2015.

Andy Sims (60)

BAcc, CA (SA)
Company Secretary and Chief Risk Officer

After qualifying as a chartered accountant, Andy worked in the IT industry for over 20 years. He was the financial manager for international companies such as Hewlett Packard and Compaq. He also held the positions of financial director and managing director of subsidiaries in JSE listed IT groups Siltek and Computer Configurations Holdings. Prior to being appointed Company Secretary and Chief Risk Officer, Andy was the financial director of five subsidiaries of Ascendis Health.

Stavros Vizirgianakis (44)

BCom
Managing director – Medical Devices

Stavros founded Surgical Innovations, a distributor of high-end medical devices to surgeons, in 2006 and served as chief executive officer until it was acquired by the group in 2013. Prior that he was managing director of Tyco Healthcare in South Africa. He is also a director of Nasdaq-listed Misonix, a designer and manufacturer of ultrasonic surgical device products.

Marion Burgess (47)

BSc Dietetics, CMSA, MBA
Managing director – Wellness

A qualified dietician, Marion has over 20 years' experience in the healthcare industry, with 15 years at an executive level. Her diverse business experience ranges from pharmaceuticals and dentistry to high-end medical devices and consumer health. Most of her executive experience has been at 3M and Johnson & Johnson Medical.

Viral Desai (40)

B Pharm, B Com
Managing director – Ascendis Pharma

Viral has been active in the pharma industry for over 15 years. He has served in various executive roles spanning commercial and technical operations at Adcock Ingram. In the recent past his responsibilities covered the pharmacy and hospital generic businesses and prior to that the successful acquisition and integration of several businesses locally and internationally.

Cornélle van Graan (50)

B.Compt
Managing director - Direct Selling

Cornélle spent the first 15 years of her career in the FMCG industry in finance, sales and marketing and moved into the direct selling industry in 2001 as the group CFO and then managing director of Avroy Shlain Cosmetics. Prior to joining Ascendis Health in 2011, Cornélle consulted extensively in the direct selling industry and is currently the vice chair of the Direct Selling Association in South Africa and an advisory committee member of the World Federation Direct Selling Association. In her role as managing director of direct selling for Ascendis, Cornélle has responsibility for the group's two direct selling brands, Sportron and Swissgarde.

Julliette Morrison (47)

Head of Marketing
IMM, F Tech.Dip

Julliette has over 25 years experience in the South African FMCG industry. She has worked across many diverse categories including food, beverages, health and beauty, homecare and OTC pharmaceuticals. Julliette held numerous senior management positions in marketing and innovations at AVI for ten years, which included marketing director of Snackworx, and prior to joining Ascendis Health she was the marketing director of Foodcorp for seven years.

Jayen Pather (45)

BCompt (Hons)/CTA, HDip.Tax (Law), AGA (SA)

Managing director – Phyto-Vet

Jayen has over 20 years' experience in supply chain, operations and finance, and held various executive financial and operations positions with the diversified logistics groups, Unitrans and DHL. During this period Jayen managed mergers and acquisitions, divestitures and restructuring activities across varied sectors including FMCG, agriculture, automotive, technology and retail. Before joining Ascendis Health Jayen was managing director of Incolabs, a diversified FMCG company.

Greg Anderson (55)

BSc (Chem Eng)
Managing director - Supply Chain Solutions

Greg has over 25 years experience in production, engineering, procurement, research and development, and distribution. He was previously the CEO of PharmaNatura which was acquired by Ascendis Health in 2014. Through this acquisition Greg was brought into the group to establish and manage the extended supply chain function. Prior to PharmaNatura, Greg held various senior supply chain positions during his 12 years each with Unilever and Tiger Brands.

Richard Crouse (40)

BCom (Hons), CIMA
Managing director - Sports Nutrition Division and Supply Chain Integration

Richard spent seven years as managing director of Chempure, a chemicals supplier to the food, health and pharmaceuticals industry, which was acquired by the group in 2012. Prior to that he was head of strategy and business planning at MTN, and held various positions in finance and marketing at MTN, including an expatriate position in Nigeria as head of marketing communications.

CHIEF FINANCIAL OFFICER'S REPORT

Introduction

Ascendis Health posted a strong operational and financial performance in the year to June 2015 as revenue increased by 74% to R2.8 billion and operating profit by 69% to R362 million. Normalised headline earnings per share grew 31% to 94 cents per share.

This performance was driven by sustained organic growth and complemented by acquisitions totalling R817 million during the year.

Through its active capital management programme the group raised R480 million and launched a corporate bond programme of R2 billion to fund acquisitions.

Shareholders will receive a total dividend of 19 cents per share (2014: 15 cents) for the year, comprising an interim dividend of 8 cents and a final dividend of 11 cents. The dividend is 27% higher than in 2014 and is based on a dividend cover of four times profit after tax.

Statement of comprehensive income

As previously indicated, revenue increased by 74% to R2 817 million (2014: R1 618 million), consisting of comparable organic growth of 11% which included new product development and launches, as well as key acquisitions concluded over the past year.

This includes revenue from the acquisitions of Respiratory Care Africa for 11 months, Arctic Healthcare Brands for 10 months and The Scientific Group for 5 months.

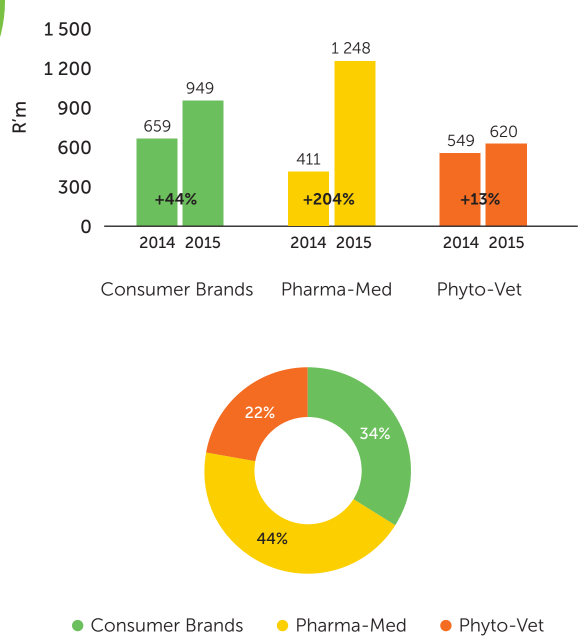
One of the strengths of the Ascendis business model is the diversification of revenue across currencies, markets, sales channels and customer groups.

Revenue generated from foreign markets for the year increased by 39% to R259 million, accounting for 9% of the group's total sales.

Financial performance

The review of the financial performance for the year ended 30 June 2015 focuses on key line items of the group's statements of comprehensive income and financial position. The following commentary should be read together with the audited summarised annual financial statements on pages 42 to 61. The audited annual financial statements are available on the website www.ascendis.co.za

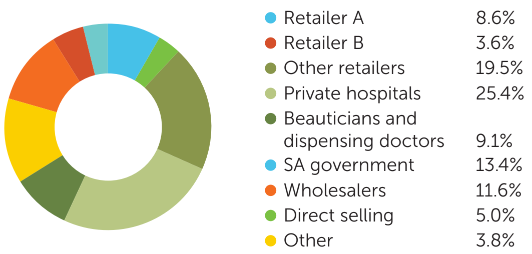
TURNOVER BY DIVISION



On the divisional performance, Pharma-Med increased revenue by 204% to R1 248 million (44% of total revenue); Consumer Brands grew revenue by 44% to R949 million and accounted for 34% of group revenue; and Phyto-Vet increased revenue 13% to R620 million, contributing 22% of group revenue.

The group is diversified across multiple segments of the market and no single customer accounts for more than 10% of sales.

TURNOVER BREAKDOWN BY CUSTOMER



The gross margin at 43.6% (2014: 45.0%) was impacted by a change in product mix due to the acquisitions.

Operating expenses, excluding depreciation and amortisation, increased by 51.6% to R834 million, mainly due to the impact of the businesses acquired over the past year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 71% to R422 million, with an EBITDA margin of 15% for the year (2014: 15.2%).

Operating profit increased by 69% to R362 million (2014: R214 million). The operating margin, excluding amortisation, was 14.2% (2014:14.6%).

Net finance costs increased from R30 million to R69 million as a result of the debt raised for acquisitions.

The tax expense increased R38 million to R83 million with the group's effective tax rate increasing to 28% in line with the corporate tax rate (2014: 24.5%).

Profit after tax increased by 52% to R210 million (2014: R139 million).

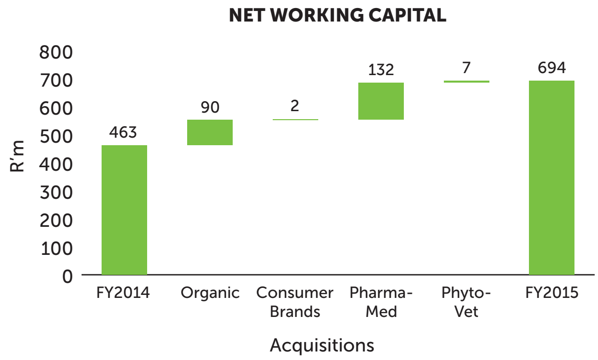
The performance for the year translated into headline earnings growth of 53% to R209 million (2014: R137 million), with headline earnings per share (HEPS) increasing 25% to 80 cents, impacted by a 23% increase in the weighted average number of shares in issue during the period.

HEPS on a normalised basis, adding back acquisition, fundraising and restructuring costs, and amortisation of intangibles, increased by 31% to 94 cents.

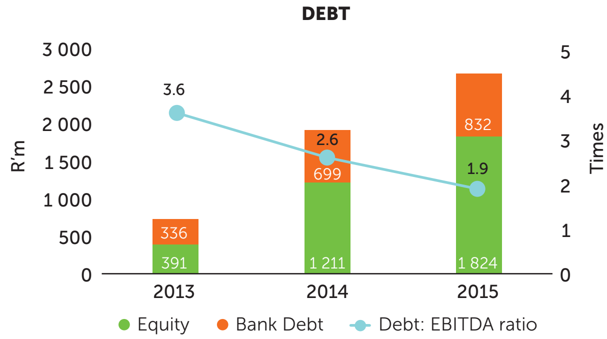
As earnings lag the deployment of capital for acquisitions, the group calculates pro forma earnings based on material acquisitions being included for a full 12 month period. If The Scientific Group had been included in the results for the full 2015 financial year, this would have added 6 cents per share to the earnings, bringing normalised HEPS to 100 cents per share for the year.

Balance sheet

Total assets increased by 40% from R2.6 billion to R3.6 billion owing mainly to the goodwill and intangible assets, and higher working capital, arising from acquisitions. Through its acquisition strategy the group targets businesses with a high return on net assets with a focus on brands and intellectual property, and this reflects in the 50% growth in goodwill and intangibles to R2.1 billion.



Net working capital increased by R231 million to R694 million, with R90 million of the increase attributable to organic growth and R141 million to acquisitions. Net working capital days increased from 90 to 101 days.



Inventory levels increased by R87 million on an organic basis and R84 million through acquisitions. Growth was mainly driven by the strong performance of the medical devices business which also carries higher levels of stock owing to long lead times on imported equipment. Accounts receivable and accounts payable reduced on an organic basis.

The group undertook successful capital raisings of R480 million during the year which was partially used to fund the acquisition of The Scientific Group, while a portion was also earmarked for the Farmalider acquisition which closed in July 2015.

A R2 billion domestic medium-term note programme was launched and the maiden tranche of R400 million was issued in September 2014.

Cash produced by the operating activities totalled R94 million and the cash conversion ratio (pre-tax and pre-interest) increased to 98% (2014: 94%).

Bank debt totalled R832 million at year end (2014: R646 million) with the debt to EBITDA ratio improving from 2.6 times to 1.9 times. This is comfortably below the group's covenant level of 3 times as at year end and provides flexibility to potentially increase gearing when acquisition opportunities arise. Interest cover reduced from 5.2 to 4.8 times.

The group's return on equity increased from 13.4% in 2014 to 15.9% in 2015. This has been adjusted for average equity and for capital raised during the year for the Farmalider acquisition which was concluded after the year end.

The return on tangible net assets (ROTNA), which excludes goodwill and intangibles, rose from 23.9% to 37.2%. Management believes ROTNA is a key performance metric in an acquisitive company like Ascendis as it reflects the return of the underlying businesses by excluding the effects of the purchase price of the businesses acquired.

Appreciation

Thank you to our stakeholders and funders for your support over the past year. I also thank my colleagues in the finance team for their commitment to high standards of reporting and for their support during my brief tenure as interim chief financial officer of the group.

Johan van Schalkwyk
Interim Chief Financial Officer

OPERATIONAL REVIEW

Consumer Brands

Overview

Ascendis Consumer Brands comprises a portfolio of market-leading owned brands and agency brands covering preventative health, health supplements, wellness, sports nutrition and skin care.

The division comprises the following businesses:

- Ascendis Wellness offering nutraceutical, health supplement and homeopathic brands
- Ascendis Skin Care marketing Nimue, Solal and pHformula skin brands
- Ascendis Sports Nutrition comprising the Evox, SSN and Bolus brands
- Ascendis Direct Selling housing Sportron International and Swissgarde nutraceutical products.

Brands are sold through multiple distribution channels including retailers, pharmacies, wholesale, specialists and direct selling, mainly to upper LSM consumers.

Review of 2015

The group acquired the Arctic Health Brands range of market-leading vitamin and mineral brand dossiers, including Chela-Fer, Menacal7, Chela-Preg and Supa Chewz, and these were integrated into Consumer Brands.

Several new skin care products were launched and new packaging and branding was introduced for Solal Skin. The strategic focus on growing exports of skin care products continue as Nimue established a Barcelona office to better support European distribution while three new distributors were appointed in four European countries.

New complementary medicines regulations resulted in Solal discontinuing products which generated R33 million in annual sales. Solal responded by launching 23 new products and reformulated 22 products to ensure regulatory compliance.

The group's three sports nutrition brands are being merged into Ascendis Sports Nutrition, making Ascendis the second largest player in this market.

The division operates a pharmaceutically-accredited manufacturing facility at PharmaNatura as well as a world class procurement entity Chempure. Increasing volumes of outsourced manufacturing will be redirected to PharmaNatura, including production for the Evox and SSN sports nutrition brands.

Synergistic benefits are being realised through the integration of the supply chain, consolidation of the distribution infrastructure and close collaboration between the selling, marketing and merchandising teams.

Financial performance – Consumer Brands

R'm	%ch 2015 vs 2014	Jun 2015	Jun 2014	Jun 2013
Revenue	44.2%	**949**	659	261
EBITDA	45.6%	**164**	113	33
EBITDA margin		**17.3%**	17.1%	12.7%

Revenue for Consumer Brands showed strong organic growth and increased by 44% to R949 million, with both PharmaNatura and Sportron performing well. The results include PharmaNatura and Biobalance for the full 12 month period and Atka Health Brands for 10 months. Revenue was negatively impacted by the withdrawal of the Solal products.

Foreign revenue increased 8% to R97 million. Swissgarde derives 63% of its revenue from Africa, mainly Nigeria, while Nimue generates 47% of revenue from exports, mainly to Europe.

EBITDA grew by 46% to R164 million with the EBITDA margin expanding 20 basis points to 17.3%. Consumer Brands accounted for 34% of group EBITDA (2014: 43%).

Outlook

Consumer Brands remains well positioned to capitalise on the increasing focus on self-medication and preventative care.

The integration of several businesses in the 2015 financial year now gives the wellness product portfolio a robust offering of premium to economy brands to meet a wide range of consumer health and wellness needs.

The group strives for leadership in scientific skin care and plans to establish an in-house laboratory and continue to employ international staff to grow the export business. Experienced skin care executive, Véronique Moreau, has been appointed head of Ascendis Skin Care based in Paris.

The integration of the sports nutrition companies will continue with ongoing synergies expected to be realised in manufacturing, packaging, logistics and exports.

Pharma-Med

Overview

Ascendis Pharma-Med focuses on generic pharmaceuticals, medical devices and hospital equipment to improve the quality of patient treatment.

Ascendis Pharma supplies generic pharmaceuticals to government hospitals on a tender basis, wholesale pharmaceutical groups, dispensing doctors and independent pharmacy groups.

Ascendis Medical, which includes Surgical Innovations (market leader in medical devices), Respiratory Care Africa (RCA) and The Scientific Group, offers turnkey solutions for specialist surgeons, state and private hospitals through the supply of consumable and implantable products for clinical use.

Review of 2015

The companies forming Ascendis Pharma were restructured and the management teams aligned to support the high growth strategy focused on acquisitions and above market organic growth rates. Strong growth has been achieved in the private market while maintaining its position in the public market. Despite the challenges of the depreciating Rand, the team has focused on cost management and selling higher margin products.

Ascendis Pharma holds more than 200 dossiers registered with the Medicines Control Council. Several new products were launched during the year focusing on cough and cold, cardiovascular and central nervous system therapeutic classes. Two first-to-market generic dossiers were registered and a further 46 registered dossiers were acquired. Bioswiss was acquired and integrated into the Pharma business, providing the opportunity to gain access to the rapidly expanding diabetes market.

During the year the group acquired Respiratory Care Africa and The Scientific Group. Respiratory Care Africa distributes specialist medical equipment for intensive care, trauma units and operating theatres in state and private hospitals.

The Scientific Group, a diagnostics product business, has an established and diversified customer base, with approximately 30% of sales being exports, mainly in Botswana and Zambia.

Both businesses are being integrated into Ascendis Medical, along with Surgical Innovations, making it the second largest medical device company in South Africa with annual turnover in excess of R1 billion.

Ascendis Medical represents innovative, leading global brands such as Olympus, Bayer, Becton, Dickinson, Horiba, Mindray, Carefusion, Fisher and Paykel.

Financial performance – Pharma-Med

R'm	%change	Jun 2015	Jun 2014	Jun 2013
Revenue	203.9%	**1 248**	411	–
Annualised revenue	111.5%	**1 523**	720	–
EBITDA	125.9%	**233**	103	
EBITDA margin		**18.7%**	25.1%	–

Revenue increased by 204% to R1.2 billion following the strong performance from the Medical division which benefited from two major acquisitions concluded during the year. The contribution from Respiratory Care Africa has been included for 11 months and The Scientific Group for five months.

Annualised revenue, including a full 12 months of sales for the acquisitions concluded during the year, increased by 112% to R1.5 billion.

Foreign revenue increased by R49 million to R57 million. EBITDA grew by 126% to R233 million from R103 million in 2014. The EBITDA margin reduced to 18.7% in line with management's expectations and guidance as the acquisitions in 2015 were slightly margin dilutive. The

Medical division is highly dependent on imported goods and the weaker Rand impacted the gross profit margin, but this was partially offset by improved efficiencies in the Pharma business.

Pharma-Med accounted for 44% of the group's revenue and 49% of EBITDA.

Outlook

Shortly after year-end the group acquired a 49% stake in Spanish pharmaceutical business, Farmalider SA. This acquisition is expected to transform Ascendis Pharma by gaining access to Farmalider's portfolio of over 200 dossiers for use in South Africa and in the rest of Africa. Ascendis products will also be marketed via Farmalider into Europe.

Ascendis Pharma is also well placed to gain traction through continued product innovation, and further acquisitions both locally and offshore.

The integration of The Scientific Group into the Medical division will enable management to create economies of scale across the three complementary medical businesses. This acquisition is also creating opportunities for Surgical Innovations and Respiratory Care Africa to accelerate growth into Africa. A presence will be established in Namibia, Botswana and Zambia in 2016, with further expansion planned into the rest of sub-Saharan Africa to grow exports to 20% of sales within the next three years.

Phyto-Vet

Overview

Phyto-Vet is an integrated agro-sciences and companion animal health business, leveraging expertise in the areas of entomology, agronomy and veterinary sciences to drive competitive advantage. Products are sold through distributors, independent retailers, dealers and agricultural cooperatives.

The business aims to benefit the home and garden sector, enhance the quality of life of companion animals and improve agricultural productivity, while remaining committed to social and ethical responsibilities as a corporate citizen.

Leading brands are Efekto (home and garden protection), Marltons (market leading pet care brand), Wonder (number one plant nutrition brand) and Avima (crop protection and public health). The Avima brand has been in existence for 53 years and the Efekto brand for 41 years.

Review of 2015

Environmental conditions proved challenging, with the worst drought and water restrictions in South Africa since 1992 resulting in net grain imports. Furthermore heavy rains in southern areas of Malawi and Zimbabwe during January 2015 caused flooding, resulting in crop losses and deterioration in food security conditions.

The global market competition for products of malaria vector control has weakened following more onerous regulations introduced by the World Health Organisation. This resulted in Avima losing a malaria tender in Ghana in the first half of the year. A large portion of vector control business is tender-based with government agencies and non-governmental organisations. Management is therefore diversifying the Avima business to seed treatment to reduce the dependency on tenders.

Financial performance – Phyto-Vet

R'm	%ch 2015 vs 2014	Jun 2015	Jun 2014	Jun 2013
Revenue	12.9%	**620**	549	337
EBITDA	67.8%	**82**	49	36
EBITDA margin		**13.2%**	8.9%	10.7%

The Efekto and Marltons brands produced a strong performance for the year. However, after increasing by 63% in 2014, turnover growth slowed to 13% and was impacted by the R24 million loss in Avima revenue in Ghana. Foreign revenue increased 18% to R105 million. Avima is one of the group's most internationalised brands, generating 55% of revenue outside of South Africa.

EBITDA for the period increased by 68% to R82 million, accounting for 17% of the group EBITDA. The EBITDA margin improved by 430 basis points to 13.2%, mainly through the success of synergy projects in both Efekto and Marltons.

Outlook for 2016

Against the backdrop of ongoing seasonal variations, macro-economic, currency and energy market uncertainty, Phyto-Vet will focus on factors within its control, including operational and commercial excellence, proactive product management and investing in people, markets and assets for long-term growth.

Sales from owned branded products represent more than 65% of Phyto-Vet's revenue which should allow for future margin expansion opportunities.

The business has an ongoing programme of basic and applied research to develop new products and processes, to improve and refine existing products and processes, and to develop new applications for existing products.

Agricultural sciences sales are expected to grow above the levels achieved in 2015, driven by seed treatment sales.

The animal health business of Marltons and Koi Country aims to strengthen its position in the already heavily consolidated market. This will be achieved through organic growth, including the increased use of existing distribution channels, especially specialist retail chains, and expanding the portfolio with targeted in-licensing and acquisitions.

Phyto-Vet will look to increase international revenue by opening new markets in southern Africa, ongoing internationalisation on the back of South African retailers and seeking new international distribution channels.

CORPORATE GOVERNANCE REPORT

Ascendis Health is committed to following good corporate governance standards and ethical practices to ensure the sustainability of the business. The group's governance framework is founded on the fundamentals of risk management, regulatory compliance, governance and internal audit.

The board is responsible for ensuring compliance with legislation, regulation and governance codes while at the same time striving to maintain the entrepreneurial spirit on which the group was founded.

Ascendis subscribes to the spirit of good corporate governance outlined in the King Report on Corporate Governance (King lll). Effective governance processes have been implemented across the business and the directors confirm that the group has in all material respects applied the principles of King lll.

Application of King lll

The group's application of each King lll principle, as required in terms of the JSE Listings Requirements, is reviewed and updated on annual basis, and is available on the group's website www.ascendis.co.za.

BOARD OF DIRECTORS

Board charter

The board has a formal charter which details the scope of authority, responsibility and functioning of the board. In terms of the charter, the directors retain overall responsibility and accountability for the following:

- Adopting strategic plans and setting performance objectives
- Approving financial objectives and targets
- Monitoring operational performance and management
- Ensuring effective risk management and internal controls
- Complying with legislative, regulation and governance codes
- Oversight of the values and ethics of the group
- Selection, orientation and evaluation of directors
- Ensuring appropriate remuneration policies and practices
- Functioning of board committees
- Shareholder communications and stakeholder engagement.

Board composition

Ascendis has a unitary board structure with five non-executive directors and two executive directors who are all independently minded individuals.

Three of the non-executive directors, including the chairman, are classified as independent in terms of King lll and the JSE Listings Requirements. Gary Shayne and Cris Dillon are not considered to be independent owing to their shareholding in Coast2Coast Investments, a material shareholder in Ascendis. However, this does not prevent these directors from exercising independent judgement at board level. The independence of all non-executive directors is reviewed on an ongoing basis.

Robbie Taylor resigned as chief financial officer (CFO) and an executive director with effect from 30 June 2015. Johan van Schalkwyk, a director of Coast2Coast Investments, was appointed as interim CFO with effect from 24 April 2015.

The roles of the chairman, John Bester, and the chief executive officer (CEO), Dr Karsten Wellner, are separate and clearly defined. This division of responsibilities at the helm of the company ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

The appointment of directors is undertaken in a formal and transparent manner by the board, assisted by the nomination committee.

All non-executive directors are subject to retirement by rotation and re-election by the shareholders at least once every three years, as determined in the company's Memorandum of Incorporation.

Biographical details on the directors appear on page 10.

Board committees

The directors have delegated specific responsibilities to five committees to assist the board in meeting its oversight responsibilities. The directors confirm that the committees have functioned in accordance with their terms of reference during the financial year. These terms of reference are reviewed annually.

Audit committee

Role and responsibilities

- Ensure the group has adequate and appropriate financial and operating controls
- Maintain oversight for financial results, integrated reporting and monitor sustainability reporting
- Ensure that significant business, financial and other risks are identified and managed
- Ensure satisfactory standards of governance, reporting and compliance in conformance to King III guidelines
- Review the findings and recommendations of the internal and external auditors.

Composition

Chair: Bharti Harie

The committee comprises three independent non-executive directors.

The audit committee is appointed by the board annually and approved by shareholders at the annual general meeting.

The external auditor, executive directors and finance management attend meetings by invitation.

Refer to the audit committee report on page 39 to 41.

Risk committee

Role and responsibilities

- Ensure appropriate risk management policies are adopted by management
- Ensure management has implemented systems of internal control and an effective risk-based internal audit
- Monitor borrowings, interest rate exposure movement and interest rate hedging policies
- Ensure appropriate insurance cover purchased on all material risks above pre-determined self-insured limits
- Monitor effective disclosure of risks to shareholders
- Review the combined assurance plan and business continuity plan.

Composition

Chair: Gary Shayne

The committee comprises two independent non-executive directors, a non-executive director and an executive director (CFO).

The CEO, COO and chief risk officer attend by invitation, and the heads of the operational divisions attend when requested.

Refer to the corporate governance report on page 27 to 31.

Board evaluation

The annual review of the performance of the board, the committees and individual directors was undertaken and the results tabled at the nominations committee meeting in May 2015. The outcome of the evaluation was favourable and no changes were proposed to the membership or to the functioning of the board or any of its committees.

Company secretary

The company secretary ensures that board procedures and all regulations and governance codes are applied. He provides guidance to directors on governance, compliance and their fiduciary duties, and assists in the appointment of directors to the board. Directors have unrestricted access to the advice and services of the company secretary.

The board undertook an annual formal evaluation of the company secretary in terms of the JSE Listings Requirements. The directors are satisfied that the company secretary has the competence, qualifications and experience to perform the role. The company secretary is not a director of the group and has an arm's length relationship with the board.

Remuneration committee

Role and responsibilities

- Ensure the group has a remuneration policy which is aligned with the company's strategic objectives and goals, and which are competitive in the market place
- Review and approve remuneration of executive directors, non-executive directors and senior executives
- Review and approve payments n terms of short-term bonus schemes and long-term incentive schemes
- Propose fees for non-executive directors for approval at the annual general meeting
- Determine a long-term strategy for retention and development of executives
- Ensure that effective succession planning is in place for executives.

Composition

Chair: Phil Cunningham

The committee comprises two independent non-executive directors and a non-executive director

The CEO attends by invitation and is recused for discussions that relate to his performance and remuneration.

Refer to the remuneration report on pages 32 to 35.

Nominations committee

Role and responsibilities

- Ensure the board and committees have an appropriate balance of skills, experience and diversity
- Identify and nominate candidates for appointment to the board and committees
- Co-ordinate the annual board and committee evaluation process
- Oversight of the succession plan for executive management
- Co-ordinate induction programme for new directors and continuing development for all directors
- Recommendations to shareholders for annual re-election of directors by rotation, and appointment of audit committee members.

Composition

Chair: John Bester

The committee comprises two independent non-executive directors and a non-executive director.

The CEO attends by invitation.

Social and ethics committee

Role and responsibilities

- Assist the board in considering the impact of the business on the environment, society and the economy
- Monitor the group's activities relating to social and economic development, the environment, and health and public safety
- Advise the board on factors impacting on the long-term sustainability of the business
- Monitor adherence to corporate citizenship principles and ethical behaviour
- Ensure the group's interactions with stakeholders are guided by legislation and regulation
- Provide guidance on empowerment and transformation, labour and employment

Composition

Chair: Phil Cunningham

The committee comprises an independent non-executive director, a non-executive director and the CRO.

Executive and operational management attend at the invitation of the committee.

Refer to the social and ethics committee report on pages 36 and 37.

Board and committee member's attendance

	Board	Audit	Risk	Remuneration	Nominations	Social and ethics
Number of meetings	4	4	4	3	1	3
John Bester	4*	4	4	3	1*	
Bharti Harie	4	4*	4			
Phil Cunningham	4	4		3*	1	3*
Cris Dillon	4			3	1	3
Gary Shayne	4		4*			
Karsten Wellner	4					
Robbie Taylor**	3		3			
Andy Sims						3

* Chairman
** Resigned 11 May 2015

RISK MANAGEMENT

The board is responsible for the oversight of the risk management process and is assisted in this process by the risk committee. The group's chief risk officer is responsible for ensuring that an efficient and effective enterprise risk management process operates across the group and reports to the risk committee and board on risk management.

The implementation of the business strategy is dependent on management taking calculated risks that do not jeopardise the interests of stakeholders, and ensuring that adequate controls are in place to mitigate the level of risk. Sound management of risk will enable Ascendis to anticipate and respond to changes in the healthcare environment, as well as take informed decisions under conditions of uncertainty.

A risk management policy has been adopted to identify, assess, manage and monitor the risks to which the business is exposed. Risk registers are maintained and reviewed on a bi-annual basis in all key areas of the group's businesses. Information technology governance forms an integral part of the group's risk management process, with the risk committee assisting the board in meeting its responsibilities in this regard.

Management has implemented systems of internal control and an effective risk-based internal audit aimed at:

- Safeguarding assets and reducing the risk of loss, error, fraud and other irregularities
- Ensuring the accuracy and completeness of accounting records and reporting
- Preparing timely and reliable financial statements and information in compliance with relevant legislation
- Complying with generally accepted accounting policies and practices
- Increasing the probability of anticipating unpredictable risk.

The board confirms that the group's risk management, mitigation and monitoring processes have been effective in limiting the impact of risks on the business in the past financial year.

Key risks facing Ascendis

Risk	Mitigation plans
Human capital management – to attract, mentor and retain	Succession planning; competitive remuneration; training programmes; establishment of central HR department; active and effective remuneration committee function; benchmarking; annual salary surveys; development of long-term retention programmes
BBBEE status on government tenders and major retail trade agreements – impact of new codes on existing certified level	Increase BEE ownership deals; top management endorsement to internal development projects; group skills development programmes; identify opportunities for preferential procurement; invest in supplier and enterprise development projects; implement HR policy on recruitment criteria to improve management control
Business interruption caused by technology failures, power shortages, infrastructure limitations, labour unrest	Business continuity plans; IT disaster recovery plans; regular meetings with unions; installation of alternate power sources; facilities enhancements
Customer concentration in the retail, FMCG, private hospital and government sectors	Key account sales management; executive relationship management; increase export sales; strategic acquisitions; acquire quality brands and market share leaders; product diversification
Exposure to highly regulated environment and changes	Reformulation and registration of products; frequent interaction with regulators; identify opportunities and barriers to entry; regulatory pharmacists; new product development outside of regulations
Economic downturn impacted by consumer sentiment and international economies; weakening local currency	Invest in high LSM products; new product development; dynamic marketing; business diversification via acquisitions; management of cost of goods sold; brand development; expansion of international sales
Margin pressure from customers and retailers and cost inflation	Invest in marketing; product diversification; COGS synergies; SKUs analysis and management; centralised supply chain; increased buying power
Exchange rate exposure – impact on cost of imports	Build exports; forward cover strategy; international acquisitions; regular pricing rounds; localisation of product content
Product liability due to product failure and side effects	Quality controls; insurance cover; regulatory pharmacists; product registrations to comply with regulatory environments; development of pharma testing processes

Accountability and compliance

Details of the internal audit function and systems of internal control, as well as the external audit function, are contained in the audit committee report on pages 39 to 41.

Legislative compliance

Legislative and regulatory compliance is monitored by the company secretary. A regulatory universe process has been introduced and is being managed with the divisional heads. There were no cases of material legislative or regulatory non-compliance and no penalties or sanctions were imposed on the group or any of its directors or officers during the year.

REMUNERATION REPORT

Remuneration philosophy

The group's remuneration policy is developed on a performance-related culture and strategy. The primary objective of this strategy is to motivate the employees in achieving the group's strategic growth through its operational and financial objectives.

The philosophy of the remuneration policy is that the growth and sustainability of the group's business is dependent on its ability to attract, motivate, and retain employees with competent skills and commitment to their scope of responsibilities, and with a performance-based culture.

Remuneration principles

The key principles embedded in the remuneration policy are to:

- Align remuneration practices with the group's strategy
- Ensure that executive reward schemes are in line with the shareholders' interests
- Attract, develop, and retain employees in the health care industry who contribute to the group's sustained business growth
- Recognise and reward employees by promoting a performance based culture which incorporates both short-term and long-term objectives
- Be competitively positioned in the market with the group's remuneration structures
- Ensure internal equity amongst the employees
- Remuneration packages to comprise annual guaranteed pay, performance based bonuses and other benefits
- Grant regular increases which are merit based and in line with the job position
- Encourage career path aspirations and succession planning within the group
- Ensure compliance with all applicable legislation and regulatory codes.

Remuneration governance

The board carries ultimate responsibility for the remuneration policy, and has appointed a remuneration committee which has been delegated the responsibility of the group's remuneration practices. The membership of this committee comprises two independent non-executive directors and one non-executive director and conforms to the King III guidelines. The remuneration committee is governed by the remuneration committee charter as approved by the board.

The remuneration committee is scheduled to meet three times a year and on an ad hoc basis when required. The dates of these meetings are aligned to the review and approval of the budgeted remuneration for each, as well as the performance bonuses awarded to executives.

The executive directors are responsible for preparing and presenting the remuneration adjustments and incentive schemes to the remuneration committee for further review and approval.

The directors' fees for non-executive directors are reviewed annually by the remuneration committee and presented to the board for approval. These fees are then presented to the shareholders for approval at the annual general meeting.

The remuneration policy as formulated by the remuneration committee is tabled to shareholders for a non-binding advisory vote at the annual general meeting, in order to allow shareholders to express their views on the remuneration policy. The board is responsible for determining the remuneration of executive directors in accordance with the remuneration policy put to the shareholders' vote.

Remuneration policy

The remuneration policy incorporates the following key components.

Executive directors' remuneration

The remuneration structure of the executive directors is closely linked to the achievement of the group's operating and financial targets and is therefore aligned to the shareholders' interests.

The remuneration packages of the executive directors include the following components:

- Annual guaranteed pay
- Company benefits
- Cash based bonuses which are based on monthly, quarterly, and annual financial performances.

Basic salaries are reviewed according to benchmarking of small and medium-sized market capitalisation companies on the JSE Limited, and which recognises the group's business model, range of product and service offerings, and the regulatory environment within the health care sector that the group operates.

Cash-based performance bonus

The executive directors participate in a performance bonus scheme which is cash based. Financial targets were determined by the board and set on RONA (return on net assets) and monthly EBITDA (earnings before Interest, tax, depreciation and amortisation) and annual On Target Earnings, as well as operational and business goals. These targeted bonuses are included in the annual budgets.

The incentive scheme for the executive directors is designed on both financial and non-financial measurements across operational, financial, customer, people and internal business process improvement metrics.

Other senior management and staff

The directors, senior managers and selected key staff receive an annual guaranteed salary, which includes certain retirement and health care benefits. Salaries may include premiums for resources that are scarce and critical. An annual salary increase is applied which is performance based as well as market related. They may also participate in an annual performance bonus scheme.

Independent non-executive directors

The independent non-executive directors are paid a quarterly fee for their services as directors as well as for serving as members on various board committees. The fees are determined and compared to similar listed companies and is based on an assessment of the independent non-executive director's participation in meetings as well as increased regulatory and governance responsibilities.

In conformance with best corporate governance practices, independent non-executive directors do not participate in the group's incentive schemes, nor do they have contracts with the group. No consultancy fees were paid to the independent non-executive directors during the year.

Remuneration for 2015

Directors' emoluments

Directors' emoluments	Basic salary R	Travel allowances R	Bonus and incentives R	Retirement/ medical benefits R	Other benefits and costs R	Directors' fees R	Total R
30 June 2015							
Executive directors							
Dr KUHH Wellner	3 160 500	25 760	2 700 025	64 401	61 534	–	6 012 220
RJ Taylor (resigned 11 May 2015)	2 597 833	-	835 573	27 500	1 525 251	–	4 986 157
Total executive directors	5 758 333	25 760	3 535 598	91 901	1 586 785	–	10 998 377
Non-executive directors							
JA Bester	–	–	–	–	–	342 375	342 375
B Harie	–	–	–	–	–	292 708	292 708
OP Cunningham	–	–	–	–	–	259 375	259 375
GJ Shayne	–	–	–	–	–	–	–
CD Dillon	–	–	–	–	–	–	–
Total non-executive directors	–	–	–	–	–	894 458	894 458
Total directors	**5 758 333**	**25 760**	**3 535 598**	**91 901**	**1 586 785**	**894 458**	**11 892 835**

Directors emoluments	Basic salary R	Travel allowances R	Bonus and incentives R	Retirement/ medical benefits R	Other benefits and costs R	Directors' fees R	Total R
30 June 2014							
Executive directors							
Dr KUHH Wellner	2 700 000	40 130	621 667	54 467	15 000	–	3 435 264
RJ Taylor	2 600 000	18 176	516 667	30 000	15 000	–	3 179 843
Total executive directors	5 300 000	58 306	1 138 334	84 467	30 000	–	6 615 107

Directors emoluments	Emoluments R	Other benefits* R	Pension paid or receivable R	Comp-ensation for loss at office R	Fair value of shares issued on listing R	Directors' fees R	Total R
Non-executive directors							
JA Bester	–	–	–	–	11 000	247 500	258 500
OP Cunningham	–	–	–	–	11 000	187 500	198 500
B Harie	–	–	–	–	11 000	187 500	198 500
Total non-executive directors	–	–	–	–	33 000	622 500	655 500
Total directors	**5 300 000**	**58 306**	**1 138 334**	**84 467**	**63 000**	**622 500**	**7 270 607**

* footnote

Non-executive directors' fees

Proposed for 2016 financial year

John Bester	R390 000
Bharti Harie	R338 300
Phil Cunningham	R300 000

Directors and their associates' shareholdings

Directors and their associates' shareholdings at 30 June 2015

Director	Direct beneficial shares	Indirect beneficial shares	Indirect non-beneficial shares	Total
John Bester	10 000	1 000	–	11 000
Bharti Harie	3 000	81 000	–	84 000
Rajeev Batohi (husband)			600	600
Phil Cunningham	40 000	1 000	–	41 000
Gary Shayne	214 500	103 239 938	–	103 454 438
Valerie Joan Shayne (wife)			1 632 000	1 632 000
Cris Dillon	861 647	18 218 813	–	19 080 460
Emma Joy Kingdon (wife)			1 360 000	1 360 000
Anna Dillon (daughter)			16 000	16 000
Grace Dillon (daughter)			16 000	16 000
Dr Karsten Wellner	2 223 483	1 500	–	2 224 983
Total	**3 352 630**	**121 543 251**	**3 024 600**	**127 920 481**

Robbie Taylor resigned as director on 11 May 2015.

Directors and their associates' shareholdings at 30 June 2014

Director	Direct beneficial shares	Indirect beneficial shares	Indirect non-beneficial shares	Total
John Bester	–	1 000	–	1 000
Bharti Harie	3 000	81 000	–	84 000
Phil Cunningham	40 000	1 000	–	41 000
Gary Shayne	214 500	104 549 351	–	104 763 851
Valerie Joan Shayne (wife)			1 632 000	1 632 000
Cris Dillon	976 000	18 335 533	–	19 311 533
Emma Joy Kingdon (wife)			1 360 000	1 360 000
Anna Dillon (daughter)			16 000	16 000
Grace Dillon (daughter)			16 000	16 000
Dr Karsten Wellner	2 131 580	1 500	–	2 133 080
Robbie Taylor	1 608 000	1 500	–	1 609 500
Georgette Alice Taylor (wife)			10 000	10 000
Roxanne Taylor (daughter)			3 334	3 334
Mark Taylor (son)			3 333	3 333
Jonathan Taylor (son)			3 333	3 333
Total	**4 973 080**	**122 970 884**	**3 044 000**	**130 987 964**

SOCIAL AND ETHICS COMMITTEE REPORT

Ascendis Health is committed to promoting the highest standards of ethical behaviour and adopting good corporate citizenship practices across the business.

The board has established a social and ethics committee in terms of the Companies Act, operating as the transformation, social and ethics and sustainability committee ("the committee"). The committee has an independent role and is governed by a formal charter.

This report is prepared in compliance with the Companies Act and will be presented to shareholders at the forthcoming annual general meeting.

Role of the committee

The committee assists the board in monitoring the group's activities in terms of legislation, regulation and codes of best practices relating to:

- Social and economic development
- Ethics practices
- Good corporate citizenship
- Consumer relationships
- Labour and employment
- Transformation and empowerment
- The impact of the group's products or services on the environment, society and the economy.

The committee also advises the board on any issues that may impact the long-term sustainability of the business.

Composition and functioning

The committee comprises independent non-executive director Phil Cunningham, who chairs the committee, non-executive director Cris Dillon and the chief risk officer Andy Sims. Executive and operational management attend meetings at the invitation of the committee.

Biographical details of the committee members appear on pages 16 and 17.

The effectiveness of the committee is assessed as part of the annual board and committee evaluation process.

Activities of the committee

The committee met three times during the year and encouraging progress has been made by the committee and management in addressing social and ethics issues over the past year. The activities are summarised below.

New and reviewed policies

Further policies have been developed and implemented. As employees are the backbone of the organisation, their health and safety are of vital importance. In this regard, a number of HR policies have been developed and implemented. The committee reviews existing and new policies on an ongoing basis to ensure they remain relevant to the group's activities. In the past year the code of ethics was reviewed and updated.

Ascendis bursary scheme

Ascendis recognises the crucial role that education plays in the overall development of an individual and society at large. The committee launched the Ascendis bursary scheme to offer employees the opportunity to apply for a bursary for their children for tertiary education. Four bursaries have been awarded which cover tuition, books and accommodation.

Corporate social investment

As a health and care company Ascendis is passionate about creating awareness of the importance of a healthy and balanced lifestyle. The focus of the corporate social investment (CSI) programme is therefore aligned with the group's vision of "healthy home, healthy you". Projects undertaken over the past year are as follows:

- Sporting Chance uses the positive influence of sport as an education platform through various sport related projects. The group sponsors the Ascendis - Health of the Nation street soccer and cricket programme reaching over 4000 disadvantaged children, as well as sports coaching clinics at 20 underprivileged schools.

- Through education, leadership development and an exciting football programme, Ubuntu Football inspires and motivates children to excel. Over 70 young men participate in the programme, with more than 30 receiving education as well as housing.

- Several of the group companies donated vitamins and other health products to various charities across South Africa such as JAM, Gift of the Givers and Rays of Hope.

- Staff are also supported in following their "healthy lifestyle" aspirations. Three employees were sponsored to participate in the Comrades Marathon.

Broad-based black economic empowerment

One of the primary roles of the committee is to assist the board in ensuring that Ascendis Health fulfills its roles and duties with regards to the B-BEEE codes as set out by the Department of Trade and Industry's Codes of Good Practice. The board recognises and supports the critical role of B-BEEE and transformation in the development and empowerment of historically disadvantaged individuals and communities in South Africa and that it is essential to the economic and social development and sustainability of the country.

Ascendis Health was rated as a Level 6 B-BBEE contributor in its first verification process undertaken in April 2015. The committee has set clear objectives and goals for each of the five pillars of the amended B-BBEE codes and will continue to monitor and evaluate all aspects of the group's B-BBEE strategies.

Conclusion

The committee believes the group is substantively addressing the issues required to be monitored in terms of the Companies Act, based on the size, resources and age of the business.

Phil Cunningham
Chairman
Social and ethics committee

AUDIT COMMITTEE REPORT

Introduction

The Ascendis Health audit committee (the committee) is a statutory committee established in terms of the Companies Act. The committee functions within a formal charter and complies with all relevant legislation, regulation and governance codes.

The objective of the committee is to provide the board with additional assurance regarding the efficacy and reliability of the financial information used by the directors and to assist them in the discharge of their duties.

The committee is also responsible for reviewing the internal controls applied within the Ascendis Health group of companies, assessing the results of the internal and external audit reports, and making recommendations to the board for improvements to such business controls.

This report is presented to shareholders in compliance with the Companies Act and the King Code of Governance Principles (King lll).

Purpose and activities of the committee

The committee performed the following functions during the year:

- Reviewed the interim and annual results to ensure that the financial results are valid, accurate and fairly represent the group's performance
- Oversaw integrated reporting and confirmed the integrity of the integrated annual report, as well as any other form of public reporting or announcements containing financial information
- Reviewed the annual financial statements, ensuring they are compliant with accounting standards and legal requirements, and recommending them for approval by the board
- Reviewed the audit committee and the Internal Audit Charter
- Confirmed the terms of engagement of the external auditor
- Monitored the implementation of the policy relating to non-audit services by the external auditor
- Oversaw the activities and co-ordination of the internal and external audits
- Received assurances from management and internal audit on systems of internal control
- Reviewed and received assurances on the independence and objectivity of the external auditor
- Ensured that the scope of non-audit services did not compromise the independence of the external auditor
- Reviewed the competence of the external auditor and internal auditor
- Nominated the external auditor for reappointment
- Considered the effectiveness of internal audit, approved the annual internal audit plan and monitored adherence of internal audit to its plan
- Determined and approved the audit fees for both internal and external audit
- Reviewed the performance of the group against loan covenants
- Confirmed that the adoption of the going concern premise in the preparation of the financial results is appropriate

- Reviewed the group's policies and procedures on risk management and legal requirements
- Monitored the fraud and litigation register on an ongoing basis
- Had oversight of the IT steering committee with ongoing feedback on progress to the committee
- Received feedback on follow-up matters arising from the 2014 audit management letter
- Reviewed the combined assurance plan presented by KPMG. This annual process was handed over to the chief risk officer to maintain, update and report to the committee annually.
- Conducted an annual assessment of the committee and its members
- Reviewed insurance cover in place and made recommendations for changes
- Reviewed and updated the levels of authority framework
- Consider on an annual basis, that the expertise and experience of the CFO and the finance department are appropriate.

Composition of the committee

The committee comprises three independent non-executive directors who are all financially literate. The committee members are elected by shareholders at the annual general meeting and the board then appoints one of these members as the chairperson of the committee.

The following directors served on the committee during the year under review and to the date of this report:

Bharti Harie (chairperson)	BA LLB, LLM
John Bester	BCom (Hons), CA (SA), CMS (Oxon)
Phil Cunningham	BSc (Agric Man)

Details of the committee members appear on page 16 of the integrated annual report and fees paid to the committee members are disclosed on page 35.

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process.

The external audit partner, the outsourced internal auditor (KPMG), the executive directors and key finance staff attend meetings at the invitation of the committee. The committee had also met separately with the external and internal auditors without executive management being present, where no matters of concern were raised. Both external and internal auditors have unrestricted access to the committee.

External audit

The committee has assessed the independence, expertise and objectivity of the external auditor, PricewaterhouseCoopers Inc, as well as the fees paid to the external auditor (refer to note 33 on page 115 in the annual financial statements on the group's website).

The committee has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they should not own shares in Ascendis Health.

Meetings were held with the auditor where management was not present and no matters of concern were raised. The committee has reviewed the performance of the external auditor and nominates for approval at the annual general meeting, PricewaterhouseCoopers Inc, as the external auditor for the 2016 financial year.

Internal Audit

The internal audit function has been outsourced to KPMG. They work according to a pre-agreed plan for the year to visit various companies within the group and subsequently report their findings to the committee. They also conduct follow-ups on outstanding matters. As Ascendis Health generally acquires companies that are operated by entrepreneurs, common findings include gaps in internal controls. To address this, standardised policies and controls will have to be implemented and monitored.

Internal financial controls

The audit committee has reviewed the process by which internal audit performs its assessment of the effectiveness of the company's system of internal control, including internal financial controls. Nothing has come to the attention of the committee to indicate any material breakdown in the company's system of internal financial control. The audit committee is satisfied with the effectiveness of the company's internal financial controls.

Non-audit services

The group has a formal policy on non-audit services in terms of which the total fees earned for non-audit services may not exceed 10% of the total annual fees for audit services. Any amount higher than the 10% threshold requires the written permission of the board. The policy requires the external auditor to satisfy the committee that the delivery of non-audit services does not compromise their independence in performing regular audit services.

The committee has reviewed the scope of non-audit services and the related fees and confirms that the 10% threshold has not been exceeded.

Evaluation of the chief financial officer

The committee was satisfied with the expertise and experience of Robbie Taylor for the period that he was CFO for the 2015 financial year end. Further, for the remaining period that Johan van Schalkwyk was interim CFO, adequate procedures were put in place to ensure that he was able to conduct his duties appropriately.

King III compliance

The committee reviewed the progress of compliance by Ascendis Health against the various requirements under King III. Being a young company, while we have progressed against some measures, we aim to make steady progress to full compliance over the next few years. The latest King III compliance schedule has been published on our website: *http://www.ascendis.co.za/wp-content/uploads/2015/08/AH-King-III-compliance-report-2015-08-final.pdf*

Conclusion

The committee is satisfied that it has discharged its duties and responsibilities as required by the Companies Act and that is has functioned in accordance with its terms of reference for the 2015 financial year. The committee further confirms that this report to shareholders has been approved by the board.

Bharti Harie
Chairperson
Audit committee

SUMMARISED FINANCIAL STATEMENTS AND NOTES

Audited summarised Group statement of financial position

	30 Jun 2015 R	30 Jun 2014 R Restated
Non-current assets		
Property, plant and equipment	149 251 969	86 689 105
Intangible assets and goodwill	2 054 456 382	1 371 987 995
Investments in joint ventures	–	48 133 354
Other financial assets	17 948 550	–
Deferred income tax assets	20 888 437	1 945 245
Derivative financial instruments	4 335 124	–
	2 246 880 462	1 508 755 699
Current assets		
Inventories	585 080 583	414 236 243
Loans to related parties	78 801 654	102 794 985
Trade and other receivables	571 450 057	475 559 082
Other financial assets	20 538 551	2 646 880
Current tax receivable	3 395 334	–
Derivative financial instruments	15 706 378	–
Cash and cash equivalents	125 428 341	94 882 573
	1 400 400 898	1 090 119 763
Non-current assets held for sale and assets of disposal groups	425 497	13 361 214
Total assets	3 647 706 857	2 612 236 676
Equity and Liabilities		
Equity		
Equity attributable to equity holders of parent		
Stated capital	1 576 729 664	1 108 035 688
Other reserves	(51 908 642)	(56 118 640)
Retained earnings	299 416 508	152 068 179
	1 824 237 530	1 203 985 227
Non-controlling interest	–	6 805 049
	1 824 237 530	1 210 790 276
Liabilities		
Non-current liabilities		
Derivative financial instruments	4 890 145	–
Borrowings and other financial liabilities	798 257 720	415 285 874
Deferred vendor liabilities	36 758 001	36 423 232
Deferred income tax liabilities	134 937 602	88 219 913
	974 843 468	539 929 019
Current liabilities		
Trade and other payables	463 011 353	427 089 263
Derivative financial instruments	15 039 231	1 371 134
Borrowings and other financial liabilities	38 370 976	230 738 154
Current tax payable	–	16 118 252
Dividend payable	537 327	–
Provision for onerous contracts	–	35 237 887
Deferred vendor liabilities	281 047 796	16 508 699
Loans from related parties	26 405 551	26 286 085
Bank overdraft	24 213 625	100 847 706
	848 625 859	854 197 180
Liabilities of disposal groups	–	7 320 201
Total liabilities	1 823 469 327	1 401 446 400
Total equity and liabilities	3 647 706 857	2 612 236 676

Audited summarised Group statement of comprehensive income

	30 Jun 2015 R	30 Jun 2014 R Restated
Continuing operations		
Revenue	2 816 716 851	1 617 946 485
Cost of sales	(1 588 194 039)	(890 100 408)
Gross profit	1 228 522 812	727 846 077
Other income	27 475 917	68 351 499
Selling and distribution costs	(291 515 894)	(46 828 874)
Administrative expenses	(502 288 618)	(502 890 915)
Other operating expenses	(100 020 159)	(32 677 267)
Operating profit/(loss)	362 174 058	213 800 520
Finance income	24 233 919	25 591 533
Finance costs	(93 299 718)	(54 729 936)
Losses from equity accounted investments	(545 665)	(683 000)
Profit before taxation	292 562 594	183 979 117
Taxation	(82 575 460)	(45 350 438)
Profit from continuing operations	209 987 134	138 628 679
Discontinued operations		
Loss from discontinued operations	–	(181 035)
Profit for the year	209 987 134	138 447 644
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	–	(483 139)
Effects of cash flow hedges	(949 002)	–
Total items that may be reclassified to profit or loss	(949 002)	(483 139)
Other comprehensive income for the year net of taxation	(949 002)	(483 139)
Total comprehensive income for the year	209 038 132	137 964 505
Profit attributable to:		
Owners of the parent:		
From continuing operations	209 835 544	136 403 956
From discontinued operations	–	(181 035)
	209 835 544	136 222 921
Non-controlling interest:		
From continuing operations	151 590	2 224 723
From discontinued operations	–	–
	209 987 134	138 447 644

Audited summarised statement of profit or loss and other comprehensive income

	30 Jun 2015 R	30 Jun 2014 R
Total comprehensive income attributable to:		
Owners of the parent	208 886 542	135 739 782
For continuing operations	208 886 542	135 920 817
For discontinued operations	–	(181 035)
Non-controlling interest	151 590	2 224 723
For continuing operations	151 590	2 224 723
Earnings	209 038 132	137 964 505
Basic earnings per share (cents)		
– From continuing operations	80.54	64.27
– From discontinued operations	–	(0.09)
	80.54	64.18
Diluted earnings per share (cents)		
– From continuing operations	80.54	64.27
– From discontinued operations	–	(0.09)
	80.54	64.18

Audited summarised Group statement of changes in equity

	Ordinary shares R	Stated capital R	Foreign currency translation reserve R	Hedging reserve R
Group				
Restated balance at 01 July 2013	378 980 824	–	671 551	–
Restated Profit for the year	–	–	–	–
Other comprehensive income	–	–	(483 139)	–
Restated Total comprehensive income for the year	–	–	(483 139)	–
Transfer of ordinary shares to stated capital	(378 980 824)	378 980 824	–	–
Stated capital issued upon private placement vendor loans	–	173 833 638	–	–
Stated capital issued upon private placement	–	400 000 003	–	–
Share listing costs capitalised against Stated capital	–	(19 036 740)	–	–
Treasury shares on hand at year-end	–	(14 593 677)	–	–
Issue of ordinary shares related to business combination	–	188 851 640	–	–
Share-based payment reserve	–	–	–	–
Non-controlling interest arising on business combination	–	–	–	–
Changes in ownership interest – control not lost	–	–	–	–
Restated Total contributions by and distributions to owners of company recognised directly in equity	–	1 108 035 688	188 412	–
Balance at 01 July 2014 (Restated)	**–**	**1 108 035 688**	**188 412**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**(949 002)**
Total comprehensive income for the year	**–**	**–**	**–**	**(949 002)**
Issue of shares	**–**	**480 524 003**	**–**	**–**
Purchase of own/treasury shares	**–**	**(10 770 573)**	**–**	**–**
Listing fees capitalised against stated capital	**–**	**(1 059 454)**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**
Changes in ownership interest – control not lost	**–**	**–**	**–**	**–**
Total contributions by and distributions to owners of company recognised directly in equity	**–**	**468 693 976**	**–**	**–**
Balance at 30 June 2015	**–**	**1 576 729 664**	**188 412**	**(949 002)**

Revaluation reserve R	Share-based payment reserve R	Change in control reserve R	(Accumulated loss)/ retained income R	Total attributable to equity holders of the group/ company R	Non-controlling interest R	Total equity R
975 992	–	(9 023 778)	15 845 258	387 449 847	347 633	387 797 480
–	–	–	136 222 931	136 222 921	2 224 723	138 447 644
–	–	–	–	(483 139)	–	(483 139)
–	–	–	136 222 921	135 739 782	2 224 723	137 964 505
–	–	–	–	–	–	–
–	–	–	–	173 833 638	–	173 833 638
–	–	–	–	400 000 003	–	400 000 003
–	–	–	–	(19 036 740)	–	(19 036 740)
–	–	–	–	(14 593 677)	–	(14 593 677)
–	–	–	–	188 851 640	–	188 851 640
–	13 233 000	–	–	13 233 000	–	13 233 000
–	–	–	–	–	4 632 663	4 632 663
–	–	(61 492 266)	–	(61 492 266)	(399 970)	(61 892 236)
975 992	13 233 000	(70 516 044)	152 068 179	1 203 985 227	6 805 049	1 210 790 276
975 992	13 233 000	(70 516 044)	152 068 179	1 203 985 227	6 805 049	1 210 790 276
–	–	–	209 835 544	209 835 544	151 590	209 987 134
–	–	–	–	(949 002)	–	(949 002)
–	–	–	209 835 544	208 886 542	151 590	209 038 132
–	–	–	–	480 524 003	–	480 524 003
–	–	–	–	(10 770 573)	–	(10 770 573)
–	–	–	–	(1 059 454)	–	(1 059 454)
–	–	–	(62 487 215)	(62 487 215)	–	(62 487 215)
–	–	5 159 000	–	5 159 000	(6 956 639)	(1 797 639)
–		5 159 000	(62 487 215)	411 365 761	(6 956 639)	404 409 122
975 992	13 233 000	(65 357 044)	299 416 508	1 824 237 530	–	1 824 237 530

Audited summarised Group statement of cash flows

	30 Jun 2015 R	30 Jun 2014 R Restated
Cash flows from operating activities		
Cash generated from operations	285 805 089	175 918 524
Interest income	24 233 919	25 591 533
Dividends received	–	–
Finance costs	(93 299 718)	(54 729 936)
Dividends paid	(62 487 214)	–
Tax paid	(122 988 183)	(43 679 815)
Cash flows of held for sale/discontinued operations	–	(2 353 157)
Net cash from operating activities	31 263 893	100 747 149
Cash flows from investing activities		
Purchase of property, plant and equipment	(45 918 016)	(14 765 070)
Proceeds from sale of property, plant and equipment	16 645 878	36 500 813
Purchase of intangible assets	(43 155 961)	(1 749 704)
Acquisition of subsidiary, net of cash acquired	(453 099 372)	(690 622 773)
Acquisition/disposal of investments in joint operation	5 767 587	(48 133 353)
Loans received from related parties	(14 747 619)	(20 997 387)
Repayment of loans by related parties	53 999 972	–
Proceeds/acquisition of other financial assets	(9 009 377)	1 103 400
Repayment/incurred deferred vendor liabilities	(13 511 427)	(33 549 102)
Net cash flows from investing activities: discontinued operations and non-current assets held for sale	5 615 516	(102 658)
Net cash from investing activities	(497 412 819)	(772 315 834)
Cash flows from financing activities		
Proceeds on share issue	479 464 549	366 369 586
Reduction of share capital or buy back of shares	(10 770 573)	(14 593 677)
Proceeds from borrowings	850 000 000	504 992 588
Repayments of borrowings	(691 314 935)	(257 057 498)
Loans received from related parties	119 466	–
Loans advanced to related parties	(41 669 733)	–
Movement in non-controlling interest	(12 500 000)	–
Acquisition of non-controlling interest and movements in other reserves	–	(61 492 266)
Net cash flows from financing activities: discontinued operations	–	3 138 190
Net cash from financing activities	573 328 775	541 356 923
Total cash movement for the year	107 179 849	(130 211 762)
Cash at the beginning of the year	(5 965 133)	124 246 629
Total cash at end of the year	101 214 716	(5 965 133)

Audited summarised Group segmental analysis

Sales between segments are carried out at arm's length.

	2015
Revenue	R
Revenue split by division	
Consumer Brands	949 126 960
Phyto-Vet	619 568 307
Pharma-Med	1 248 021 584
Total revenue	2 816 716 851
Geographical revenue split	
South Africa	
Consumer Brands	852 180 258
Phyto-Vet	514 303 569
Pharma-Med	1 191 181 139
Foreign	
Consumer Brands	96 946 702
Phyto-Vet	105 264 738
Pharma-Med	56 840 445
Total revenue	2 816 716 851

	2014
	R
Revenue	Restated
Revenue split by division	
Consumer Brands	658 387 945
Phyto-Vet	548 919 405
Pharma-Med	410 639 135
Total revenue	1 617 946 485
Geographical revenue split	
South Africa	
Consumer Brands	568 475 816
Phyto-Vet	459 557 079
Pharma-Med	403 132 109
Foreign	
Consumer Brands	89 912 129
Phyto-Vet	89 362 326
Pharma-Med	7 507 026
Total revenue	1 617 946 485

During the financial year the group made a total of R259 051 885 (2014: R186 781 418) in foreign sales (other African countries and Europe).

9% (2014: 15%) of the Group's total revenue is derived from a single customer in the retail environment in South Africa.

Audited summarised Group segmental analysis

EBITDA	2015 R	2014 R Restated
Consumer brands		
Operating profits	139 984 646	97 005 019
Amortisation and depreciation	24 277 136	15 816 160
EBITDA	164 261 782	112 821 179
Phyto-Vet		
Operating profits	69 434 628	37 658 991
Amortisation and depreciation	12 139 668	10 966 860
EBITDA	81 574 296	48 625 851
Pharma-Med		
Operating profits	210 142 506	97 623 781
Amortisation and depreciation	22 691 584	5 460 113
EBITDA	232 834 090	103 083 894
Head office adjusted expenses	(56 227 991)	(18 202 285)
Total EBITDA	422 442 177	246 328 639
Reconciliation of EBITDA to Consolidated Results		
Consolidated operating profit	362 174 058	213 800 520
Total consolidated amortisation, depreciation and impairments	60 268 119	32 740 450
Head-office portions excluded from segmental analysis	–	(212 331)
Total EBITDA	422 442 177	246 328 639

Audited summarised Group segmental analysis

30 Jun

2015

Segmental assets	Total assets R	Additions to non-current assets R	All other assets R
Consumer brands	1 231 058 015	255 252 181	77 793 232
Phyto-Vet	525 689 374	109 000 570	33 220 114
Pharma-Med	1 745 922 398	426 105 067	105 482 475
Head-Office net asset value	145 037 070	25 943 411	7 906 776
Consolidated asset value	3 647 706 857	816 301 229	224 402 597

2014

R

Restated

Segmental assets	Total assets	Investments in associates and joint ventures	Additions to non-current assets	All other assets
Consumer Brands	917 476 848	48 133 354	320 603 168	210 113 421
Phyto-Vet	500 506 844	–	200 343 295	114 159 603
Pharma-Med	903 943 247	–	342 084 914	194 926 804
Head-Office net asset value	290 309 737	–	116 205 421	66 216 165
Consolidated asset value	2 612 236 676	48 133 354	979 236 798	585 415 993

	2015 R	2014 R
Segmental liabilities		
Consumer brands	(535 684 358)	(588 743 657)
Phyto-Vet	(295 683 468)	(431 117 449)
Pharma-Med	(972 940 403)	(381 585 294)
Head-Office	(19 161 098)	–
Consolidated liability value	(1 823 469 327)	(1 401 446 400)

Audited summarised annual financial statements 2015
Earnings per share, diluted earnings per share and headline earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares.

Basic EPS is calculated by dividing the profit or attributable to ordinary shareholders by the weighted average number of ordinary shares in issue.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for the dilutive effects of all share options granted to employees.

The calculation of headline earnings per share is based on the profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year. The presentation of headline earnings is not an IFRS requirement, but is required by JSE Listings Requirements and Circular 2 of 2013.

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the Group. Shares which are held by a subsidiary company as treasury shares have been adjusted on a time basis when determining the weighted average number of shares in issue.

	2015	2014
	R	R Restated
Profit from continuing operations	209 835 544	135 403 956
Profit from discontinued operations	–	(181 035)
Total	209 835 544	136 222 921
Weighted average number of ordinary shares in issue	260 526 784	212 227 595
Earnings per share (cents) Continuing Operations	80.54	64.27
Earnings per share (cents) Discontinued Operations	–	(0.09)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2015	2014
	R	R Restated
Earnings		
Profit from continuing operations	209 835 544	136 403 956
Profit used to determine diluted earnings per share	209 835 544	136 403 956
Profit from discontinued operations	–	(181 035)
	209 835 544	136 222 921
Weighted average number of ordinary shares in issue	260 526 784	212 227 595
Earnings per share (cents) Continuing Operations	80.54	64.27
Earnings per share (cents) Discontinued Operations	–	(0.09)

(c) Headline earnings per share

	2015	2014
Profit attributable to equity holders of the parent – continued operations	209 835 544	136 403 956
– Loss/(profit) on the sale of property, plant and equipment		
Gross amount	(1 082 388)	192 863
Tax effect	303 068	(54 001)
Headline earnings	209 056 224	136 542 818
Weighted average number of shares in issue*	260 526 784	212 227 595
Headline earnings per share – continued operations	80.24	64.34
** After deduction of weighted treasury shares*		
Profit attributable to discontinued operations	–	(181 035)
Weighted average number of shares in issue*	260 526 784	212 227 595
Headline earnings per share – discontinued operations	–	(0.09)

	2015	2014
(d) Diluted Headline Earnings		
Headline earnings	209 056 224	136 542 818
Weighted average number of shares for diluted earnings per share*	260 526 784	212 227 595
Diluted headline earnings per share – continued operations	80.24	64.34

**After deduction of weighted treasury shares.*

(e) Normalised headline earnings per share

Normalised headline earnings per share is calculated by dividing the normalised headline earnings by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by a subsidiary of Ascendis and held as treasury shares.

Normalised headline earnings is calculated by excluding amortisation and once-off costs from earnings. Since Ascendis Health is a pharmaceutical company and not an investment entity, the income statement effect of fixed and intangible assets of its subsidiaries should be excluded.

	2015 R	2014 R
Reconciliation of normalised headline earnings		
Headline earnings	209 056 224	136 542 818
Other once-off costs	12 474 101	–
Tax effect thereof	(3 492 748)	–
Amortisation	37 127 244	22 495 194
Tax effect thereof	(10 395 628)	(6 298 654)
Normalised headline earnings	244 769 193	152 739 358
Weighted average number of shares in issue	260 526 784	212 227 595
Normalised headline earnings per share (cents)	93.95	71.97

(f) Normalised diluted headline earnings per share

Normalised diluted headline earnings per share is calculated on the same basis used for calculating diluted earnings per share, other than normalised headline earnings being the numerator.

	2015	2014
Normalised headline earnings**	244 769 193	152 739 358
Weighted average number of shares for diluted headline earnings per share		
Weighted average number of shares in issue	260 526 784	212 227 595
	260 526 784	212 227 595
Diluted normalised headline earnings per share (cents)	93.95	71.97

** After deduction of weighted treasury shares.*
*** None of the normalised headline earnings adjustments includes non-controlling interests.*

Other once-off cost definition:
Other once off costs consists of costs to streamline, rationalize and restructure companies within the Group. This also includes initial integration costs and abnormal accounting professional fees once an acquisition becomes part of a listed environment.

NOTES TO THE AUDITED CONDENSED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1. Corporate information

Ascendis is a fast growing health and care brands company consisting of three divisions, Consumer Brands (nutraceuticals, complementary medicines, sports nutrition and skin care products); Pharma-Med (prescription drugs and medical devices) and Phyto-Vet (plant and animal health). The Group's vision, which is encapsulated in its motto 'A healthy home, a healthy you', is to bring health to the consumer at all stages of his or her life – from health maintenance (preventative medicine) to chronic medication and critical care (intervention). These annual financial results for the year ended 30 June 2015 comprise of the company and its subsidiaries (together referred to as the Group) and the Group's interest in joint ventures.

2. Going concern

The directors consider that the group has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going – concern basis in preparing the group's financial statements. The directors have satisfied themselves that the group is in sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

3. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. These summary consolidated financial statements for the year ended 30 June 2015 have been prepared under the supervision of the Interim Financial Director, Mr J van Schalkwyk CA (SA) and audited by PricewaterhouseCoopers Inc., who expressed an unmodified audited opinion thereon.

The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the Company's registered office. The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

4. Business combinations

During the period Ascendis Health Limited acquired 100% of the following businesses:

- Arctic Health Brands
- PharmaNatura Manufacturing Facility
- Respiratory Care Africa
- UMECOM
- The Scientific Group
- Koi Country
- Ortus Chemicals.

The following table illustrates the consideration paid and net assets acquired for each material subsidiary acquired during the year:

			2015			2014
			R			R
	Consumer Brands: Arctic (Note a)	Pharma-Med: Scientific Group	Pharma-Med: Respiratory Care Africa	(Note d) Other	Total	Total
Cash	121 000 000	158 330 040	95 447 950	96 398 032	471 176 022	727 350 253
Transfers from joint ventures to subsidiaries (Note b)	–	–	–	41 820 102	41 820 102	–
Equity instruments (Note c)	–	–	21 830 364	3 888 896	25 719 260	362 685 278
Vendor loans	30 000 000	192 896 552	35 816 900	19 671 841	278 385 293	56 823 232
	151 000 000	351 226 592	153 095 214	161 778 871	817 100 677	1 146 858 763

Recognised amounts of identifiable assets acquired and liabilities assumed

	2015					2014
			R			R
	Consumer Brands: Arctic	Pharma-Med: Scientific Group	Pharma-Med: Respiratory Care	Other	Total	Total
Cash and cash equivalents	–	15 145 000	(5 235 240)	8 166 891	18 076 651	36 727 480
Property, plant and equipment	–	7 362 689	3 994 487	44 252 536	55 609 712	76 423 428
Existing intangible assets within the acquiree	–	–	–	4 580 251	4 580 251	–
Other financial assets	–	–	387 632	26 443 212	26 830 844	(59 899)
Inventories	1 370 500	26 644 000	48 461 709	7 793 746	84 269 955	285 364 897
Trade and other receivables	–	59 575 000	83 550 253	7 414 445	150 539 698	240 944 157
Provisions	–	–	(13 894 348)	–	(13 894 348)	–
Trade and other payables	–	(48 165 000)	(39 554 215)	(6 471 117)	(94 190 332)	(344 017 957)
Borrowings	–	(24 000 000)	(27 999 847)	9 309 671	(42 690 176)	(141 031 439)
Current tax payable	–	(1 466 000)	(4 085 713)	(3 126 329)	(8 678 042)	(2 900 773)
Contingent liability	–	–	–	–	–	–
Deferred tax assets/(liabilities)	–	2 505 000	1 267 645	–	3 772 645	(2 306 862)
Total identifiable net assets	1 370 500	37 600 689	46 892 363	98 363 306	184 226 858	149 143 032
Initial resultant goodwill	149 629 500	313 625 903	106 202 851	63 415 565	632 873 819	997 715 731

Note a: The assets acquired in Arctic were purely stock and brands. Brands have been managed by the Group since acquisition.

Note b: This relates to control that was obtained over Atka, previously classified as a joint venture. Refer to Note 23 Investments in joint ventures for further details.

Note c: The fair value of the equity instruments have been determined using the listed share price on the date of transfer. The number of shares relating to the acquisition were 1 364 398.

Note d: This category consists of the following companies:

Atka Trading 46 Proprietary Limited – Consumer Brands Division

Ortus Chemicals Proprietary Limited – Phyto-Vet Division

Koi Country Proprietary Limited – Phyto-Vet Division

Umecom Proprietary Limited - Pharma-Med Division

Initial resultant goodwill	149 629 500	313 625 903	106 202 851	63 415 563	632 873 817	997 715 729
Total Intangibles on acquisition	(55 831 460)	(81 371 535)	(40 447 508)	(13 037 428)	(190 687 931)	(183 130 606)
Deferred tax	15 632 809	22 784 030	11 325 302	3 650 480	53 392 621	51 276 569
Remaining goodwill	109 430 849	255 038 398	77 080 645	54 028 615	495 578 507	997 715 729
Intangibles assets identified from the business combination:						
– Brand names and trademarks	12 786 280	-	–	797 739	13 584 019	43 063 980
– Client relationships	43 045 180	81 371 535	40 447 508	12 239 689	177 103 912	74 739 003
– Contractual agreements	–	–	–	–	–	12 937 906
– Drug master files	–	–	–	–	–	52 389 717
	55 831 460	81 371 535	40 447 508	13 037 428	190 687 931	183 130 605

Material prior period adjustments:

At 30 June 2014, the Surgical Innovations Purchase Price Allocation was provisional due to the complexity of the business. During the first quarter of the current financial year, R107 million additional assets had been identified. The resulting deferred tax of R30 million has been recognised, The identified intangible asset relates to client relationships assessed to have a useful life of 20 years. This was therefore recorded as a reallocation of goodwill to intangible assets. This also included the final valuation of complex medical equipment to the value of R27 million which was reallocated out of goodwill into its appropriate asset category.

At 30 June 2014, the valuation of PharmaNatura was provisional. Once the stock valuation had been completed, the Purchase Price Allocation was adjusted with R17 million. The deferred tax implication amounted to R5 million.

	2015					2014
			R			R
	Arctic	The Scientific Group	Respiratory Care Africa	Other	Total	Total
Acquisition date fair value of consideration paid						
Cash	121 000 000	158 330 040	95 447 950	96 398 032	471 176 022	727 350 253
Cash flow on business combinations						
Cash consideration paid	(121 000 000)	(158 330 040)	(95 447 950)	(96 398 032)	(471 176 022)	(727 350 253)
Cash acquired	–	15 145 000	(5 235 241)	8 166 891	18 076 650	36 727 480
	(121 000 000)	(143 185 040)	(100 683 191)	(88 231 141)	(453 099 372)	(690 622 773)

Arctic Health Brands – August 2014

Ascendis purchased six supplement brands (vitamins and minerals) from Arctic Health. These are well-established products and brands that have shown solid growth annually and have a proven track record of over 15 years. The products enjoy excellent support from prescribing healthcare practitioners and have developed a credible reputation in this market. The Arctic brands are a perfect bolt-on for Ascendis, increasing the number of Consumer Brands products sold as well as increasing Ascendis' market penetration in the detailing market.

Three of these products are amongst the market leaders in their particular category in the minerals market. Due to the size and nature of this business, it is seen as a bolt-on to the Consumer Brands division, where it is complemented by other successful Consumer Brands companies. The purchase consideration was R151 000 000.

The revenue included in the statement of comprehensive income since August 2014 contributed by Arctic was R62 989 787. Artic also contributed profit after tax of R28 180 008 over the same period.

PharmaNatura Manufacturing Facility – Nov 2014

PharmaNatura has a 12 000 sq m manufacturing facility, supported by stringent C-GMP-certified systems and procedures. This allows PharmaNatura to produce high quality pharmaceutical products, consistently and reliably. In August 2015, the plant again passed an MCC inspection successfully.

The plant has the capacity to manufacture capsules (hard and soft gel), creams, liquids, quality pastes, tablets and teas. The laboratory is fully equipped to guarantee Quality Assurance and Quality Control. Due to the size and nature of this business, it is seen as being complimentary to PharmaNatura's business which was acquired during the latter part of the previous financial year and therefore forms part of the Consumer Brands division in Ascendis Health. The purchase consideration was R40 600 000.

The properties include the following:	
No 1 Carey Street c/o 5th Street, Marlboro, Sandton, Johannesburg	28 600 000
Erf 1114, Marlboro Ext 1, Johannesburg	12 000 000
Total market value of properties	40 600 000

The properties have been valued by a qualified valuer and Ascendis paid the market related price of these properties during the acquisition.

The revenue and profit since November 2014 contributed by PharmaNatura were all inter-company in nature, and therefore eliminated upon consolidation.

Pharma – Med Division

Respiratory Care Africa (RCA) – September 2014

Respiratory Care Africa established in 1998, originally only focusing on the areas of critical care, neonatology and pulmonary function testing. Over the last 15 years RCA have also established themselves as a market leader in the areas of pendant systems and theatre lights and have experienced significant growth in the areas of anaesthetics, patient monitoring, imaging, theatre tables and hospital beds. Today, RCA is capable of offering complete solutions for the operating theatre, all ICUs, trauma units, maternity, general wards and radiology. RCA is supplied by leading companies around the world, most of which are publicly listed entities.

During its history RCA has received in excess of 20 excellence awards, the most significant of which is the Critical Care Society of Southern Africa floating trophy, won twice in five years.

Due to the nature of this business, it is seen as a bolt-on to the Pharma-Med division, where it will be complemented by our other successful Medical Devices companies. The purchase consideration was R153 095 214.

The revenue included in the statement of comprehensive income since September 2014 contributed by RCA was R262 543 876. RCA contributed profit after tax of R16 128 319.

The purchase price allocation that was performed for RCA is provisional. Management expects to complete this process within the first quarter of the new financial year, therefore within the 12 month allocation period as per IFRS 3, Business Combinations.

UMECOM – October 2014

UMECOM was established on 1 September 2011. The company imports, sells and distributes medical devices, products and instruments, particularly in the field of urology and endo urology (minimally invasive urological surgical procedures). Due to the size and nature of this business, it is seen as a bolt-on to the Pharma-Med division, where it will be complemented by our other successful Medical Devices companies. The purchase consideration was R15 814 913.

The revenue included in the statement of comprehensive income since October 2014 contributed by UMECOM was R11 425 796. UMECOM contributed profit after tax of R2 051 238 over the same period.

The Scientific Group – February 2015

Ascendis acquired the diagnostic portion of the Scientific Group into Ascendis Medical and considers this entry into the medical diagnostics market as strategic for many reasons, including the global trend of health care towards preventative care where diagnostics plays a vital role. Similarly, there is an increasing demand for In-Vitro Diagnostics for the purposes of disease detection, particularly in response to increased investment in emerging market health care opportunities.

The purchase consideration was R351 226 592 (initial consideration of R276 460 237 and contingent consideration subject to the award of a tender of R74 766 355). The revenue included in the statement of comprehensive income since February 2015 contributed by The Scientific Group was R136 734 884. The Scientific Group contributed profit after tax of R18 024 824 over the same period.

Phyto-Vet

Koi Country – September 2014

Koi Country sells quality products that enhance the lives of companion animals. Koi has been in existence for more than 18 years and is known for its high quality animal brands, and long standing reputation in the pet care market.

Due to the size and nature of this business, it is seen as a bolt-on to the Phyto-Vet division, where it will be complemented by our other successful Phyto-Vet companies. The purchase consideration was R12 570 000.

The revenue included in the statement of comprehensive income since September 2014 contributed by Koi Country was R 12 850 975. Koi Country contributed profit after tax of R1 888 240.

Ortus Chemicals – May 2015

Ortus is a bolt-on transaction that will add value and synergies to the existing business of Avima through some specialist solutions that will enhance synergies in the Phyto-Vet division. The purchase consideration amounted to R22 413 656.

The revenue included in the statement of comprehensive income since May 2015 contributed by Ortus Chemicals was R2 166 900. Ortus Chemicals contributed profit after tax of R268 706.

Currently, all acquisition related costs are borne by Coast2Coast Investments Proprietary Limited. If Ascendis incurs any costs, it is of an operational nature to effect the acquisition within Ascendis.

Transactions with non-controlling interests

Swissgarde

During the year, Ascendis purchased the remaining minority interest of 26% in Swissgarde Proprietary Limited for an amount of R 12,5 million, increasing Ascendis' stake in Swissgarde to 100%. Swissgarde is a leading international network marketing company, specialising in a range of more than 150 health and beauty products, with over 50 000 distributors throughout its African footprint which includes Southern Africa and Nigeria. The company contributes to both the economy and aspiring distributors, by equipping distributors for success by providing free training in network marketing, the business opportunity and products. Swissgarde provides superior service and day to day support to distributors and depot owners from its Gauteng based head office. Swissgarde forms part of the Consumer Brands division where it complements the business of other Direct Selling offerings within the Group.

	2015	2014
	R	R
Carrying amount of non-controlling interests acquired	(6 956 639)	399 970
Consideration paid for non-controlling interest	12 500 000	61 492 266
Excess of consideration paid recognised in parent's equity	5 543 361	61 892 236

Atka

During the year, Ascendis acquired the remaining 50% in Atka. The contract was effected at no consideration.

The fair value of the investment at the date of acquisition, amounted to R41 820 102, which was equal to the carrying amount thereof.

5. Contingent Liabilities

There are no additional contingent liabilities since the reporting period ended on 30 June 2015.

6. Final Dividend

The board of directors has approved a final gross ordinary dividend of 11 cents per share, following the interim dividend of 8 cents, which makes a total dividend of 19 cents for the financial year ending 30 June 2015 (2014: 15 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax ("DT") at the rate of 15% amounting to 1.65 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from DT will therefore receive a net dividend of 9.35 cents per share net of DT.

The company currently has 271 729 482 ordinary shares in issue. Its income tax reference number is 9810/017/15/3. Shareholders are advised of the salient dates in respect of the final dividend:

- Last day to trade "cum" the dividend – Friday, 27 November 2015
- Shares trade "ex" the dividend – Monday, 30 November 2015
- Record date – Friday, 4 December 2015
- Payment to shareholders – Monday, 7 December 2015

Share certificates may not be dematerialised or rematerialised between Monday, 30 November 2015 and Friday, 4 December 2015, both days inclusive.

The directors of the company have determined that dividend cheques amounting to R50.00 or less due to any ordinary shareholder will not be paid unless a written request to the contrary is delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited, by no later than close of business on Friday, 27 November 2015 being the last day the shares trade "cum" the dividend. Unpaid dividend cheques will be aggregated with other such amounts and donated to a charity to be nominated by the directors.

By order of the board
Andy Sims
Company Secretary
8 September 2015

7. Significant events after the reporting period

First international acquisition in Spain Farmalider

Farmalider, founded 29 years ago, is an established Spanish pharmaceutical group of companies involved in the development, registration, licensing and production of generic pharmaceutical products. It specialises in pain management as evidenced by its market leading position in the ibuprofen and paracetamol markets in Spain, with a growing presence in other European markets.

This acquisition provides Ascendis with an entry into the attractive €23 billion Spanish pharmaceutical market and lays the foundation to expand the Company's reach into one of Europe's five largest pharmaceutical markets. Farmalider serves as a strategic platform for Ascendis to further expand into Europe, along with the company's established presence in Spain, Portugal, Germany, United Kingdom, Poland, Italy, Franc, Belgium, Sweden, Finland, Croatia, Austria, Slovakia and Hungary.

This transaction results in Ascendis acquiring Farmalider's current portfolio of c.200 pharmaceutical dossiers, its GMP accredited production facility in Madrid, as well as its pipeline of products, all of which are highly complementary to the Ascendis Pharma division's current portfolio and its internationalisation strategy.

Ascendis International Holdings Limited, a wholly owned subsidiary of Ascendis, and the disposing shareholders have entered into an agreement in respect of the initial acquisition on 30 July 2015, as follows:
The purchase consideration for the initial acquisition of 49% of the Farmalider share capital is as follows:

- An amount of R100 165 433, settled in cash on 31 July 2015; and
- A further amount of R109 823 878 (applying an illustrative ZAR:EUR exchange rate of 13.5:1), payable on 31 January 2017.
- Warranties and indemnities applicable to the initial acquisition are standard for a transaction of this nature.

Ascendis International Holdings Limited and the disposing shareholders have furthermore entered into a put and call option agreement that is exercisable in two tranches as set out below:

A put and call option, exercisable on 31 December 2018 ("First Option Date"), relating to 31% of the Farmalider share capital ("First Option"), whereby the disposing shareholders irrevocably grant in favour of Ascendis International Holdings Limited a call option to purchase 31% of the Farmalider share capital from the disposing shareholders; and Ascendis International Holdings Limited irrevocably grants in favour of the disposing shareholders a put option to dispose of 31% of the Farmalider share capital to Ascendis International Holdings Limited.

A put and call option, exercisable on 31 December 2020 ("Second Option Date"), relating to the remaining 20% Farmalider share capital ("Second Option"), whereby the disposing shareholders irrevocably grant in favour of Ascendis International Holdings Limited a call option to purchase 20% of the Farmalider share capital from the disposing shareholders; and Ascendis International Holdings Limited irrevocably grants in favour of the disposing shareholders a put option to sell 20% of the Farmalider share capital to Ascendis International Holdings Limited.

The exercise price for both the first and second option will be calculated by applying a predetermined earnings multiple ("Option Earnings Multiple") to Farmalider's future earnings, which Option Earnings Multiple will vary dependent on the earnings growth rate achieved for the period ending on the first option date and the second option date respectively. The Option Earnings Multiple applied for the first and second option will be determined based on the same valuation methodology used to determine the purchase consideration. The maximum purchase price payable for the first and second option has been capped as not to trigger a category one transaction as defined in the JSE Listings Requirements.

Warranties and indemnities applicable to the first and second option are standard for transactions of this nature. Further details regarding the subsequent acquisition will be published following the First Option Date and Second Option Date respectively.

Pharma-Med bolt-on acquisition – Bioswiss Proprietary Limited
Ascendis Health Group acquired Bioswiss for a purchase consideration of R17.9 million on 1 July 2015. Through various international partners, Bioswiss has access to innovative biotechnological products to manage and treat diabetes. The portfolio of medicines includes insulins, diabetes care devices, diabetes care OTC products and oral hypoglycaemic medications.

Consumer Brands bolt-on acquisition – OTC Pharma South Africa Proprietary Limited
Ascendis Health Group acquired OTC Pharma South Africa for a purchase consideration of R21.3 million on 1 July 2015.

OTC Pharma South Africa (OTC) markets and distributes a range of internationally branded, high quality health care products, including leading brands such as: Marcus Rohrer Spirulina, Diabecinn, Picksan, Bye Wart, Bye Mouth Ulcer. OTC's products are sold through retail pharmacies and health shops throughout South Africa.

Sandoz dossiers
In August 2015, Pharmachem purchased dossiers for R11 million (excluding VAT). This is a bolt-on to the Pharma-Med division and will expand operations.

Debt raise and funding related activities
Additional debt raised after year end until report signing date
On 1 July 2015 additional Senior Secured notes of R125 million were issued under the Domestic Medium Term Note Programme ("DMTN"). R62.5 million was used to reduce the existing Term Debt as was required in terms of the existing Term Facility Agreement.

In addition, new Term Facilities of R200 million was raised on 14 August 2015 from Nedbank to fund bolt-on acquisitions and deferred vendor liabilities and additional working capital facilities of R50 million was raised form Standard Bank for ongoing working capital needs.

Related party

No material related party transactions occurred, since year-end till final release on SENS.

Deferred vendor liabilities paid after year-end

A total of R55 671 352 was paid after year end with regards to Arctic Health Brands, Dealcor Proprietary Limited and The Scientific Group vendor loans.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

SHAREHOLDER ANALYSIS

at 30 June 2015

Public and non-public shareholders	Number of holders	Percentage of holders (%)	Number of shares	Percentage of shares (%)
Public shareholders	2 033	98.7	142 046 346	52.3
Non-public shareholders				
Directors and associates of the company	27	1.3	127 920 481	47.1
Treasury shares	1	–	1 762 655	0.6
Total non-public shareholders	28	1.3	129 683 136	47.7
Total shareholders	2 061	100.0	271 729 482	100.0

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held 2% or more of the issued share capital at 30 June 2015:

	2015	2014
Major beneficial shareholders holding 2% or more	Percentage of shares (%)	Percentage of shares (%)
Coast2Coast Investments (Pty) Limited	44.7	49.3
Investec Limited	5.0	3.3
Peregrine Capital	2.3	2.4

	2015	2014
Major fund managers managing 1.5% or more	Percentage of shares (%)	Percentage of shares (%)
Investec Asset Management	4.2	3.3
Peregrine Capital	2.4	2.4
Praesidium Capital Management	2.1	2.2
Mergence Investment Managers	1.8	
Sentio Capital Management	1.7	
Old Mutual Investment Group (South Africa)	1.7	1.9

Classification of registered shareholdings	Number of holders	Percentage of holders (%)	Number of shares	Percentage of shares (%)
Directors and associates	27	1.3	127 920 481	47.1
Private Companies	107	5.2	42 102 107	15.5
Individuals	1 529	74.2	32 650 992	12.0
Mutual Funds	47	2.3	20 404 125	7.5
Trusts	214	10.4	13 213 480	4.9
Banks/Brokers	23	1.1	10 480 936	3.9
Hedge Fund	24	1.2	8 485 473	3.1
Retirement Funds	27	1.3	7 386 790	2.7
Insurance Companies	11	0.5	6 909 617	2.5
Close Corporations	16	0.8	1 041 283	0.4
Investment Companies	4	0.2	812 927	0.3
Other	32	1.5	319 271	0.1
	2 061	100.0	271 727 482	100.0
Distribution of registered shareholdings				
1 – 1 000	648	31.4	337 890	0.1
1 001 – 10 000	924	44.8	3 725 736	1.4
10 001 – 100 000	298	14.5	9 400 441	3.5
100 001 – 1 000 000	140	6.8	49 263 063	18.1
1 000 001 shares and over	51	2.5	209 002 352	76.9
	2 061	100.0	271 729 482	100.0

The total number of ordinary shares in issue is 271 729 482. Percentage of issued share capital held beneficially by directors is 46.0% (2014: 53.4%). Details of all dealings in Ascendis shares by directors during the financial year are reported on SENS announcements and are recorded on the company's website: www.ascendis.co.za

SHAREHOLDERS' DIARY

Annual general meeting	12 November 2015
Results and reporting	
Interim results to December 2015	on or about 9 March 2016
Annual results to June 2016	on or about 14 September 2016
Publication of 2016 integrated annual report	September 2016
Ordinary dividend	
2015 final dividend	
Last day to trade "cum" the dividend	27 November 2015
Record date	4 December 2015
Dividend payment	7 December 2015

CORPORATE INFORMATION

Registration number	2008/005856/06
Income tax number	9810/017/15/3
JSE share code	ASC
ISIN	ZAE000185005
Registered office	22 Sloane Street, Bryanston, Gauteng, 2191
Postal address	PostNet Suite #252, Private Bag X21, Bryanston, 2021
Contact details	+27 (0)11 036 9600/info@ascendis.co.za
Company secretary	Andy Sims CA(SA)
Auditors	PricewaterhouseCoopers Inc
Principal bankers	The Standard Bank of South Africa Limited
JSE sponsor	Investec Bank Limited
Transfer secretaries	Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107 Telephone: +27 (0)11 370 5000
Directors	J Bester (Chairman)* Dr K Wellner (Chief executive officer) OP Cunningham* CD Dillon# B Harie* GJ Shayne#

* Independent non-executive
# Non-executive

Ascendis
HEALTH